

CONSOLIDATED PLAN 2010-2014 for the City of Duluth, Minnesota

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Executive Summary

The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

3-5 Year Strategic Plan Executive Summary:

The Consolidated Plan is a five-year planning document laying out the goals for the City of Duluth's Community Development program. The City uses this collaborative process to establish a unified vision for community development actions. This process allows the City Administration and Citizens to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of effort at the local level. This document outlines the community's goals and objectives for 2010 through 2014.

The Consolidated Plan approach is also the means to meet the submission requirements for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG) formula programs.

The statutes for the formula grant programs set forth three basic goals against which the plan and the jurisdiction's performance under the plan will be evaluated by HUD. Each year the City's plan must state how it will pursue these goals for all community development programs, as well as all housing programs. These statutory program goals are:

DECENT HOUSING - - which includes:

- assisting homeless persons to obtain affordable housing;
- assisting persons at risk of becoming homeless;
- retaining the affordable housing stock;
- increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly members of disadvantaged minorities, without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability;
- increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence; and
- providing affordable housing that is accessible to job opportunities.

A SUITABLE LIVING ENVIRONMENT - - which includes:

- improving the safety and livability of neighborhoods;
- eliminating blighting influences and the deterioration of property and facilities;
- increasing access to quality public and private facilities and services;
- reducing the isolation of income groups within areas through spatial deconcentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods;
- restoring and preserving properties of special historic, architectural, or aesthetic value; and
- conserving energy resources and use of renewable energy sources.

EXPANDED ECONOMIC OPPORTUNITIES - - which includes:

- job creation and retention;
- establishment, stabilization and expansion of small businesses (including micro-businesses);
- the provision of public services concerned with employment;
- the provision of jobs to low-income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan;
- availability of mortgage financing for low-income persons at reasonable rates using non-discriminatory lending practices;
- access to capital and credit for development activities that promote the long-term economic and social viability of the community; and
- empowerment and self-sufficiency for low-income persons to reduce generational poverty in federally assisted housing and public housing.

The Consolidated Plan consists of a number of parts including: a housing and community needs assessment that also analyzes the current market conditions, a section on the needs of people who are homeless, a Strategic Plan section and the Annual Action Plan. The Strategic Plan section is a key component of the Consolidated Plan, as this section outlines the Community's objectives and goals to meeting the needs identified in the assessment section. The Annual Action Plan, one of five annual plans, outlines how the federal Community Development resources will be allocated in FY 2010. Each year after that an Annual Plan will be completed to communicate how these funds will be allocated to meet the objectives identified in the Consolidated Plan. Also contained in the Annual Action Plan are an individual project funding page(s), known as a Table 3's, which describe how the funds will be used, how many low to moderate income people will be served and what objective from the Strategic Plan is being implemented. At the end of the Consolidated Plan is a section which contains information on all citizen involvement in the development of the plan.

The Annual Action Plans will also include a section that evaluates the community's performance towards meeting the objectives outlined in the Consolidated Plan, meaning how well we are achieving progress towards the "High" priority needs of the City of Duluth.

If you have any questions about this plan or comments on how these Federal resources should be used to meet the Community Development goals, please contact:

Keith Hamre, Community Development

Strategic Plan

Due every three, four, or five years (length of period is at the grantee's discretion) no less than 45 days prior to the start of the grantee's program year start date. HUD does not accept plans between August 15 and November 15.

Mission:

The City of Duluth Consolidated Plan is for FY 2010, starting on April 1, 2010, through FY 2014, ending on March 31, 2015. The Duluth Community Development Program Mission is to invest in community programs that help low to moderate income people by addressing **basic needs**, providing **affordable housing** and increasing economic **self-sufficiency**.

The focus of our consolidating planning effort has been around four major core principles to meeting this mission:

1. Addressing affordable housing preservation and creating new units,
2. Realizing the Duluth Economic Opportunity Initiative, or Duluth At Work, to help people gain employment opportunities,
3. Implementing initiatives from the St. Louis County, Ten-Year Plan to End Homelessness,
4. Investing in the At Home in Duluth initiative to achieve the accomplishment of Community Development Target Area goals to create a vibrant urban Community.

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) and the basis for assigning the priority (including the relative priority, where required) given to

each category of priority needs (91.215(a)(2)). Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.

3. Identify any obstacles to meeting underserved needs (91.215(a)(3)).

3-5 Year Strategic Plan General Questions response:

CDBG funded Community Development activities serve eligible clients located throughout the City. Eligibility is determined by HUD as meeting the national objectives of benefiting low-moderate income residents, reducing or preventing slum and blight, or meeting an urgent community need. Many projects are targeted at key geographic areas. The Target Areas are defined as neighborhoods with more than 51% low-moderate income (LMI) residents; thus, projects are focused in these areas to benefit their low-moderate income residents. These Target Areas have been identified by the Community Development Division using 2000 Census data. Numerous CDBG projects and programs are currently implementing the goals of individual neighborhood *At Home in Duluth* improvement plans. Those neighborhoods that have *At Home in Duluth* plans include East Hillside, Central Hillside, Lincoln Park, West Duluth (Ramsey Village) and Morgan Park.

The following is a summary of the CDBG-eligible geographic areas.

- + **East Hillside Neighborhood (Census Tracts 12, 13 & 17)**
A mixed-use (residential/commercial) neighborhood with older residential housing.
 - 2000 population—5,070 people; 67.0% with low and moderate incomes; 14.4% minority population (City average of 7.3%)
- + **Endion Neighborhood (Census Tract 14)**
A mixed-use (residential/commercial) neighborhood with older residential housing.
 - 2000 population—2,578 people; 64.8% with low and moderate incomes; 9.5% minority population (City average of 7.3%)
- + **Central Hillside Neighborhood (Census Tracts 9-4, 16, 18, 19 & 20)**
A mixed-use (residential/commercial) neighborhood with older residential housing.
 - 2000 population—7,454 people; 71.9% with low and moderate incomes; 20.9% minority population (City average of 7.3%)

- + **Lincoln Park Neighborhood (Census Tracts 24, 25, 26, 27 & 28)**
Formerly known as the West End, this is a mixed-use neighborhood with older residents and a fairly large business community.
 - 2000 population—6,504 people; 61.5% with low and moderate incomes; 11.6% minority population (City average of 7.3%)

- + **West Duluth Neighborhood (Census Tracts 30-1,31-4, 32, 33 & 34-1)**
A sprawling neighborhood with a strong, revitalized commercial core, but many low-income households and older homes.
 - 2000 population—4,836 people; 59.4% with low and moderate incomes; 6.4% minority population (City average of 7.3%)

- + **Morgan Park (Census Tract 37)**
A compact neighborhood built originally as a model community for the now-closed US Steel works, and has the potential to be an Historic District.
 - 2000 population—1,979 people; 53.2% with low and moderate incomes; 4.7% minority population (City average of 7.3%)

- + **Gary / New Duluth & Fond du Lac (Census Tract 38-3)**
An area that includes mixed uses but has predominately medium to low density residential development adjacent to the St. Louis River estuary.
 - 2000 population—1,423 people; 51.1% with low and moderate incomes; 6.7% minority population (City average of 7.3%)

- + **Duluth Heights (Census Tract 3-4)**
This is a neighborhood with high to low density housing and is located between the City's Downtown core and an expanding retail mall area.
 - 2000 population—1,399 people; 63.1% with low and moderate incomes; 10.4% minority population (City average of 7.3%)

As a result of this Target Area designation many programs funded with Community Development resources will either focus on these neighborhoods, or will have them as a preference for the services they offer. Also, the Community Development program will support the initiatives of the At Home in Duluth improvement plans. The goal of those At Home in Duluth Neighborhood improvement plans, with the implementation facilitated by our partner the Duluth Local Initiatives Support Corporation (LISC), is to develop strategies that lead to neighborhood empowerment and revitalization through a multi-faceted approach addressing employment, housing, aesthetics, safety, infrastructure, and social service issues.

In the City of Duluth the following are obstacles for under-served populations and the strategies in the Consolidated Plan to address overcoming these issues:

- Increase employment opportunities for low-income, hard-to-employ persons;
- Increase accessibility for everyone;
- Remove impediments to fair and equal housing choice;
- Remove barriers to affordable housing;
- Reduce lead-based paint hazards; and
- Foster relationships between public, private and nonprofit organizations to promote initiatives targeted to the under-served populations.

Managing the Process (91.200 (b))

1. Lead Agency. Identify the lead agency or entity for overseeing the development of the plan and the major public and private agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe the jurisdiction's consultations with housing, social service agencies, and other entities, including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons.

3-5 Year Strategic Plan Managing the Process response:

On behalf of the City of Duluth, the Community Development Division of the Community Resources Department has the lead agency responsibility for formulating plans and strategies for housing and community development efforts. The Division is directly responsible for administering and developing the Consolidated Plan, which outlines the community's goals and investment strategies for the Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME) and Emergency Shelter Grant Program (ESGP). Also, the Community Development Division works with other City departments, the Housing and Redevelopment Authority of Duluth (HRA), neighborhood and citywide non-profit groups to implement the Community Development program.

An advisory group of citizens assists with reviewing community development strategies by providing direct citizen input into the planning and prioritization process. That group is the Community Development Committee (CD Committee). The CD Committee is made up of eleven communitywide representatives. The CD Committee is advisory to the City Administration and the City Council.

The participation process for the Community Development Program is detailed in the *City of Duluth Citizen Participation Plan, February 2009* publication. In general terms, the process consists of two tiers: CD Committee, which provides community perspectives on the Community Development Program; the Neighborhood Forums (hearings), which have CDBG-eligible Target Areas and represent neighborhood perspectives. These forums are meant to provide a more interactive setting from which to seek input on neighborhood priorities and needs.

The Community Development Division, as the lead entity, strives to involve many partners in addressing community development needs and issues. As noted in the following section, there are many other participants involved with housing and community development issues and programs in Duluth. As the lead agency, the Division strives to achieve close cooperation among these other entities.

Two major events helped to shape the principles in the development of the Consolidated Plan from a community needs assessment and the direction of fund distribution. One item was the Community Impact Report developed and released by the United Way. This report outlined trend data in the basic areas of community development from housing, education, social service delivery and youth development. Many of the Community's partners provided information and discussed how the focus on children will have a major benefit on the youth development and future service needs. The other event that shaped the fund distribution philosophy was the meeting of the Duluth Grantor's Alliance in February 2009. This alliance is made up of all the foundations in the community, along with the City, County and the United Way. This meeting outlined the dramatic reduction of funds that would be available in 2010 and 2011 from the area Foundations, due to the decline in the market place. This funding reduction over the next couple of years will have a major impact on all of the public service providers within the community and will cause some reduction of services.

During the course of preparing the Consolidated Plan, Community Development staff met with numerous individuals and agencies to gain information and insight into Duluth's housing and community development needs. These agencies have working programs and statistical information pertaining to persons with low and moderate incomes. The following agencies were consulted and have a combined interest with the City in furthering community development goals:

General

- Community Action of Duluth
- Duluth Workforce Development Division
- Community Development Committee
- Local United Way of Greater Duluth
- Ordean Foundation
- Northland Foundation
- Initiatives Support Corporation

Homeless Strategy

St. Louis County Health & Human Services Department
Duluth Affordable Housing Coalition
Center for Alcohol and Drug Treatment
Human Development Center
Housing and Redevelopment Authority of Duluth (HRA)
Community Action of Duluth

Lead-Based Paint Hazards

St. Louis County Health & Human Services Department
Housing and Redevelopment Authority of Duluth (HRA)

Adjacent Governments

St. Louis County Health & Human Services Department
St. Louis County Community Development
Superior Community Development Office

Metropolitan Planning

Arrowhead Regional Development Commission
Duluth Workforce Center
Duluth Workforce Development Division

Public Housing

Housing and Redevelopment Authority of Duluth (HRA)

Citizen Participation (91.200 (b))

1. Provide a summary of the citizen participation process.
2. Provide a summary of citizen comments or views on the plan.
3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.
4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

3-5 Year Strategic Plan Citizen Participation response:

Early in the development of the Consolidated Plan, a series of community forums was held in Community Development Target Areas that served as Community Development and Housing Needs public hearings. The purpose of these forums was to gain comment, information and insights into community needs and opportunities. The community forums were held at the Central Hillside Community Center on May 5th, Harrison Community Center on May 7th, Good Fellowship Club on May 12th, City Center West on May 14th, and Grant

Recreation Center on May 19th. These forums were aimed at engaging citizens from these neighborhoods in a community dialogue on issues and needs for persons with low and moderate incomes in a less formal and more interactive setting, plus a survey of community needs was conducted at these forums. People were asked what the priority needs for the community should be and 124 people responded to the survey. A summary of the proceedings can be found in Appendix B.

A public hearing was held June 23, 2009, by the Community Development Committee for the purpose of reviewing the previous year=s program performance as outlined in the 2008 CAPER. This enabled citizens to ask questions about monitoring issues and learn more about the program=s outcomes.

A 30-day public comment period was advertised in the Duluth News Tribune on November 13th continuing until December 14th. This notice was also placed on the City's website.

A second public hearing was held on December 15, 2009 to receive public comment on the proposed FY 2010 funding recommendations and the goals of the 2010-2014 Consolidated Plan. The Council then reviewed and approved the Consolidated Plan and FY 2010 Action Plan on December 21, 2009.

All meetings for the Community Development Program are conducted according to the state Aopen meeting law,@ including community forums and Community Development Committee (CD Committee) meetings. Meetings of these groups are held during evening hours at public locations accessible to persons with disabilities. Copies of the meeting notices are forwarded to the Office of the City Clerk, where they are placed on public display and kept on file. In addition to the traditional time and location information, the ads and news releases include information on the purpose and proposed content of the subject matter to be heard. In the event a Public Hearing is expected to be attended by a significant number of non-English speaking or hearing impaired individuals, a translator is provided.

Information relating to the Consolidated Plan and specific project proposals is maintained in the Community Development Office, Room 407, City Hall and is available for the public to view and obtain copies; also, a summary of this information is available on the Community Development Division=s website. In addition, a library of information relevant to housing and CDBG issues and programs is available at the Community Development Office.

Public Comment on Consolidated Plan

Appendix A contains a summary of public comments and the City's responses to the comments on the Consolidated Plan. Appendix B has a summary of each public hearing held during the development of the FY 2010-2014 Consolidated Plan.

Efforts to Broaden Citizen Participation

Participation from citizens is necessary for a community to craft and implement community development initiatives that meet the needs of its citizens. The City of Duluth has been fortunate to have broad participation in the planning process, but the process of obtaining and enhancing citizen participation is constantly changing with new technologies and social patterns. More people are connecting to the INTERNET for various activities: gathering information about programs or meetings, obtaining updates on current events, providing opinions on public programs, just to name a few. A growing trend with public meetings is the use of cable access television to provide people with an additional access to public processes. In the Consolidated Planning process these mediums have been utilized to provide more access to the planning and recommendation process through the City's website and televising meetings on the Public Access channels. This will remain a constant method for expanding participation, including publishing monthly ads on the Community Development process in the Hillside Newspaper, which is a free newspaper that is focused on a large part of the City's Core Community Development Target Area.

A successful method of broadening participation has been the [Community Forums](#).⁶ These sessions allowed people to interact in smaller groups to determine neighborhood needs and issues. Then each group reported back priorities to the larger group. A primary goal for the Consolidated Plan in that process was to encourage people with low and moderate incomes from outside the current CDBG Target Areas to become active in the Consolidated Plan development process. Our partners in the community (Community Action Duluth, Churches United in Ministry, Damiano Center, and the Duluth HRA) assisted with getting the notice out to under-served population, including public housing residents, and by bringing program participants to those forums.

Institutional Structure (91.215 (i))

1. Explain the institutional structure through which the jurisdiction will carry out its consolidated plan, including private industry, non-profit organizations, and public institutions.

2. Assess the strengths and gaps in the delivery system.
3. Assess the strengths and gaps in the delivery system for public housing, including a description of the organizational relationship between the jurisdiction and the public housing agency, including the appointing authority for the commissioners or board of housing agency, relationship regarding hiring, contracting and procurement; provision of services funded by the jurisdiction; review by the jurisdiction of proposed capital improvements as well as proposed development, demolition or disposition of public housing developments.

3-5 Year Strategic Plan Institutional Structure response:

To implement the Consolidated Plan the Community Development Division has a strong partnership with nonprofit and private housing providers, the Housing and Redevelopment Authority of Duluth, social service providers and other public institutions. The Local Initiatives Support Corporation (LISC) is one partner that works closely with the City of Duluth on affordable housing issues. LISC assists Community Development Corporations (CDCs) to implement community goals and provides technical assistance to build capacity in the CDCs to implement their strategic initiatives. Also, LISC assists with bridge financing to promote development that revitalizes neighborhoods through housing and business redevelopment.

The At Home In Duluth collaborative is another partnership consisting of public and private partners and nonprofit housing agencies focused on the revitalization of Duluth's core neighborhoods. This group (facilitated by LISC) has worked with neighborhood residents to develop revitalization plans that include housing goals. A focus of the At Home partnership is to build relationships with private developers to encourage new housing units within the Target Areas, along with reaching out to other partners to implement other strategies of their plans.

Duluth at Work collaborative is a partnership between Community Development, LISC and the Workforce Development Division to work with local businesses and place trained individuals from the Temporary Assistance for Needy Families (TANF) program in jobs. A key component of Duluth at Work is the goal of increasing income and assets of low-moderate income individuals by 25% over a three-year period.

The institutional structure has some weaknesses in the area of economic development. The community lacks a strong Economic Development Authority that has a clear plan to focus business development and retention for the purpose of growing jobs in the community. The Duluth Economic Development Authority is undergoing a transformation of board membership and mission focus.

The City of Duluth, in collaboration with St. Louis County, has adopted a ten-year plan to address homelessness. The ten-year plan contains new strategies for ending homelessness, particularly for people who are chronically homeless. The City is a partner in the implementation process for the plan and has three members on the implementation committee. This committee includes members from the public, nonprofit and private sectors. Further definition is needed for better coordination with resources to meet the needs of persons who are homeless or at risk of becoming homeless to address shortages in the operation of units within the Continuum of Care inventory.

The Housing and Redevelopment Authority of Duluth (HRA) is a partner with the Community Development Division. The HRA board is appointed by the Mayor and confirmed by the City Council. A number of services are provided by the HRA that assist with the Community Development program administration through construction management, relocation and on-site code compliance inspection services.

Monitoring (91.230)

1. Describe the standards and procedures the jurisdiction will use to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

3-5 Year Strategic Plan Monitoring response:

Program monitoring of Duluth CDBG, HOME and ESG funded projects will be done by the Community Development Division and City Auditor's Office staff through periodic reporting and on-site monitoring of source documentation and files as outlined in each project contract. All contracts will be monitored on-site at least once every two years and may be done annually depending upon an annual risk assessment.

A risk assessment of the subrecipients based upon material weaknesses cited in the audit and performance in submitting appropriate documentation of expenditures, demographic information and other contract requirements is completed on an annual basis. A high-risk subrecipient has material weaknesses and/or significant deficiencies in their audit relating to the above-mentioned federal programs, lacks sufficient accounting policies and procedures to safeguard federal assets, and/or submits inaccurate payment request documentation and/or late demographic reports.

Monitoring shall consist of financial monitoring and programmatic compliance. The subrecipient will be notified in writing prior to the scheduled on-site visit as to which program files will be monitored. The Community Development staff will

review a sampling of source documentation to verify National Objective compliance and also documentation of funded activities meeting program eligibility requirements. At the end of the monitoring session the subrecipient will receive a letter noting any "Findings" and required compliance steps, or monitoring "Questions" that may denote program weaknesses and potential corrective steps.

Financial Monitoring

Financial information, including but not limited to IRS Form 990s, cost allocation plans, charts of accounts, board of director lists, and employee dishonesty policies, is updated annually by the subrecipient. If a subrecipient expends \$500,000 or more in federal funds during its fiscal year, the subrecipient is required to have an audit completed in accordance with Federal Circular A-133. All audits are required to be submitted within nine months of the subrecipient's fiscal year end; if they are not submitted in this time frame, memos are sent out requesting additional information. Annual audits, either A-133 or financial statement audits, are reviewed by the City Auditor's Financial Analyst assigned to these programs. Subrecipient audits are reviewed to determine whether material weaknesses, control and/or significant deficiencies apply to these federal programs. Any such item noted is pursued with the subrecipient and/or the subrecipient's audit firm. Additional analysis of performance in submitting timely and accurate payment requests, as well as other information required in their contracts, is done on an ongoing basis and is subject to review. The Financial Analyst will maintain a biannual equipment inventory of all equipment purchased with federal funds, along with documentation of all transactions, as required by federal regulations.

Programmatic Compliance

Demographic data for documenting the beneficiaries of the project or activity will be submitted on a quarterly basis, as outlined in the contract. This information will include ethnicity and income data on persons, households or businesses served to verify meeting the National Objective. The narrative portion of the report describes other funding leveraged by the subrecipient and other outcome-based evaluation measurements. The compilation of these quarterly reports is the basis for the Consolidated Annual Performance Evaluation Report (CAPER). These reports are submitted for the term of the contract. On-site monitoring will include reviewing a sample of the source documentation to verify these reports.

The City Purchasing Office will monitor bonding, insurance and related requirements. Construction quality and quantity will be monitored by City Architect and/or City Engineering office. In the event that private architectural or engineering services are utilized, then City Architect/Engineer shall monitor for compliance. Reporting requirements for these projects will include Davis-Bacon payrolls, IC-134 forms, Section 3 reports and the posting of appropriate posters indicating federal requirements of the funding. All construction projects will be encouraged to provide opportunities to minority and women-owned businesses.

The contractors will be encouraged to provide job opportunities for persons of color, or to provide OJT (On the Job Training) opportunities to minority persons when possible.

Staff will verify status of CHDO (Community Housing Development Organizations) each time the agency is awarded CHDO Reserve funding. The HRA, or similar agent, will monitor construction projects in accordance with HOME regulations, including: On-site reviews and reports, tenant income and rent verifications.

Standards for Performance

"Troubled Projects" are those which fail to meet programmatic or financial performance standards, as identified by the Community Development Manager. A "Weakness" is poor source documentation or undefined procedures that may lead to a finding if not corrected. A "Finding" is a violation of a local or federal regulation. Appropriate follow-up monitoring actions will be established to: 1) Institute changes to bring the project into compliance with local and federal requirements, or 2) If efforts to bring the project into compliance fail, then the contract may be suspended or terminated and the funds either reprogrammed or repaid to the City. The agency will be on "Probationary" status, meaning they cannot apply for any future Community Development funding until these findings are addressed.

Committee and Public Review Process

Every year at the beginning of the Community Development annual cycle, the Community Development Committee shall hold a CAPER (Consolidated Annual Performance Evaluation Report) Public Hearing for the purpose of reviewing activity accomplishments for the previous year. The records presented at this hearing are available during normal business hours for public inspection in the Community Development Office. Those records which contain data protected under the Data Privacy Act shall not be released unless directed by the Data Privacy Act agent as designated by the City Council, who is the Administrative Assistant.

Priority Needs Analysis and Strategies (91.215 (a))

1. Describe the basis for assigning the priority given to each category of priority needs.
2. Identify any obstacles to meeting underserved needs.

3-5 Year Strategic Plan Priority Needs Analysis and Strategies response:

Duluth's housing and non-housing community development priorities are stated in Tables 1A, 1B, 2A and 2B. Although most items listed have critical problems that demand attention, the term *priority need* as used in the table and this section

is defined by HUD. The three possible levels of priority that can be assigned to a given need have been defined by HUD as follows:

High: Activities to address this need will be funded by the locality during the five-year period.

Medium: If funds are available, activities to address this need may be funded by the locality during the five-year period. Also, the locality will take other actions to help this group locate other sources of funds.

Low: The locality may not fund activities to address this need during the five-year period. The locality will consider certifications of consistency for other entities' applications for federal or other types of assistance.

Thus, the term *Apriority@* as used in this section refers both to the actual need to be met and to the likelihood that CDBG, HOME, ESG and related resources will be spent to address the priority. In the tables, only the priority needs that were a “High” priority will have objectives and five-year goals. Other “Medium” priorities may be developed into objectives and five-year goals when they become a “High” priority in that Action Plan. The following priority needs tables and the basis for setting the priorities were developed with the community and the Community Development Committee. As indicated above, Duluth will use CDBG, HOME, and ESG funds to address high priorities during the next five years. Medium priorities may receive funding based upon funds available.

The designations of Highs, Mediums and Lows in the following tables were based upon a number items: Census Data, our Community Needs Survey of the Community Action Duluth clients and input from the Community Forums. Each of these tools highlighted a number of community development and housing issues, which need to be addressed to make our community a place of choice. During the Community Forums in May of 2009, we used the following two survey questions: 1) How would you divide up a dollar among the following three priorities (Affordable Housing, Public Facilities and Economic Development) and 2) How would you divide up a dollar towards your top five Public Service priorities.

The following is the result of 110 responses to those two questions; 57 responses came for the Community Forum Survey, and 63 responses came from the Community Action Duluth Survey:

Question #3 “How would you divide up a dollar toward these priorities?”		
	Forums	CAD
Affordable housing	.34	.38
Public Facilities	.43	.31
Economic Development	.23	.30
Question #2 “How would you divide up a dollar toward your top five priorities?”		
Homeless Shelters	7.32	13.8
Health/Dental Services	11.49	18.3
Food Shelves	6.93	10.1
Clothing	1.49	1.1
Youth Services	28.61	10.6
Transportation Services	7.39	10.7
Credit Counseling	2.98	4.0
Home Buyer Education	5.07	2.8
Landlord/Tenant Mediation	2.63	2.4
Child Care Services	4.82	9.2
Abused Spouses	2.63	6.5
Crime Prevention	16.67	10.5

From the obstacles for under-served populations that have been identified in the Consolidated Plan, priority was given to the following strategies:

- Increase employment opportunities for low-income, hard-to-employ persons;
- Increase accessibility for everyone;
- Remove impediments to fair and equal housing choice;
- Remove barriers to affordable housing; and
- Reduce lead-based paint hazards.

Lead-based Paint (91.215 (g))

1. Estimate the number of housing units that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard

Reduction Act of 1992, and are occupied by extremely low-income, low-income, and moderate-income families.

2. Outline actions proposed or being taken to evaluate and reduce lead-based paint hazards and describe how lead based paint hazards will be integrated into housing policies and programs, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.

3-5 Year Strategic Plan Lead-based Paint response:

Lead-based paint was banned from residential use in 1978. In spite of this, lead poisoning remains a serious problem, especially in older housing units that tend to have paint with higher concentrations of lead, more coats of paint, and larger areas covered with lead-based paint.

Data from the 2000 Census indicates that half of Duluth's homes are 60 years old or older, compared to one-fifth of homes statewide. Of Duluth's housing stock, 90% was built before lead-based paint was removed from the market. According to HUD's 1991 report to the U.S. Congress, an estimated 90% of homes built before 1940 contain lead-based paint, as do 80% of those built between 1940 and 1959, and 62% between 1960 and 1978. The following table provides an estimate of the number of homes in Duluth containing lead-based paint.

Age of Duluth's Housing Stock and Predicted Occurrence of Lead-Based Paint			
Year Built	Number of Units	Percentage of Units with Lead-Based Paint	Number of Lead- Based Paint Units
Post 1980	5,000	0%	0
1960-1979	6,893	62%	4,274
1940-1959	8,690	80%	6,952
1939 or Earlier	17,956	90%	16,160
Total	38,539		27,386

Sources: 2007 U.S. Census update, HUD Report to Congress

Of the 27,386 homes with lead-based paint, approximately 11,520 are occupied by low- to moderate-income households, including 4,834 households at or below poverty level.

Since the early 1990's the City of Duluth, through the Housing and Redevelopment Authority of Duluth (HRA), has incorporated lead hazard reduction in all rental and homeowner rehab projects receiving federal

assistance. Duluth is fortunate to have experienced and certified HRA staff to conduct assessments, testing and clearances, and to provide assistance to contractors and other housing agencies in addressing lead-paint. To date, the HRA has successfully remediated lead hazards in 940 housing units through funding partnerships with the City of St. Paul, the Hennepin County Consortium, and Duluth CDBG and HOME awards. Lead-based paint hazard remediation will continue to be a major focus of this Consolidated Plan.

City of Duluth policy requires all rental and homeowner rehabilitation programs and projects receiving federally funded assistance to coordinate with the Duluth HRA for lead assessment, testing and clearance services. Specifically, these are the units that will be rehabbed under Objective 4. Rental Rehab; Objective 7. Vacant Units; and Objective 8. Homeowner Rehab. Given the age of Duluth's housing stock that predicts over 70% contains lead-based paint, the concentration of low- and moderate-income households in less expensive older units, and the past experience of agencies implementing rehab programs, it is highly probable that all, or nearly all, rehabbed units will contain potential lead hazards. The Duluth HRA maintains a Lead Safe Housing registry of past units that have been made lead safe. To increase access to this registry by the general public, the HRA plans to upgrade their database to make this information available on the HRA website.

HOUSING

Housing Needs (91.205)

*Please also refer to the Housing Needs Table in the Needs.xls workbook

1. Describe the estimated housing needs projected for the next five year period for the following categories of persons: extremely low-income, low-income, moderate-income, and middle-income families, renters and owners, elderly persons, persons with disabilities, including persons with HIV/AIDS and their families, single persons, large families, public housing residents, victims of domestic violence, families on the public housing and section 8 tenant-based waiting list, and discuss specific housing problems, including: cost-burden, severe cost-burden, substandard housing, and overcrowding (especially large families).
2. To the extent that any racial or ethnic group has a disproportionately greater need for any income category in comparison to the needs of that category as a whole, the jurisdiction must complete an assessment of that specific need. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least ten percentage points higher than the percentage of persons in the category as a whole.

3-5 Year Strategic Plan Housing Needs response:

Housing Needs

According to the *2008 American Community Survey (ACS)*, 16,849, or 44%, of Duluth's housing units were constructed prior to 1940. The age of the housing stock combined with the limited incomes of our residents (the *2008 ACS* reported median household income at \$37,679) has resulted in many citizens living in units that are substandard.

Year Built	Census 2000	ACS 2008	% of Total Housing Units (Census)	% of Total Housing Units (ACS)
2005 or Later		549		1.4%
2000-2004		1,611		4.2%
1990-1999*	2,081*	1,727	6.0%	4.5%
1980-1989	1,557	1,730	4.5%	4.5%
1970-1979	3,766	3,806	10.8%	10.0%
1960-1969	3,154	3,656	9.0%	9.6%
1940-1959	8,551	8,181	24.5%	21.5%
1939 or earlier	17,891	16,849	51.2%	44.2%
Total	34,919	38,109	100.0%	100.0%

*Census 2000 information from 1990 to March 2000

The table below documents the areas where households are facing cost burdens (defined as housing costs which exceed 30% of household income), severe cost burdens (defined as housing costs which exceed 50% of household income), and housing problems. Housing problems are defined as a home that has at least one of eight commonly identified physical problems, some of which include: all flush toilets were broken down at the same time for six hours or more on at least three occasions during the last three months; unvented gas, oil, or kerosene heaters as primary heating equipment; lacking a kitchen sink, refrigerator, or cooking equipment inside the structure for the exclusive use of the unit; or lacking electricity or having exposed wiring and room(s) without outlets and blown fuses at least three times in the last 90 days.

Renters	Household Income < 30% MFI Very Low Income	Household Income 31% to 50% MFI Low Income	Household Income 51% to 80% MFI Moderate Income	Household Income >80% MFI Middle Income
Elderly Renters	771	908	591	591
With Housing Problems	57.6%	50.2%	51.4%	19.6%
With Cost Burden >30%	55.8%	50.2%	49.1%	13.9%
With Cost Burden >50%	25.4%	21.7%	7.1%	2.5%
Small Related Families	612	604	602	1,037
With Housing Problems	78.1%	64.2%	22.4%	5.6%
With Cost Burden >30%	76.5%	61.9%	18.1%	1.5%
With Cost Burden >50%	61.6%	10.8%	0%	.4%
Large Related Families	128	104	48	135
With Housing Problems	81.3%	75%	37.5%	19.3%
With Cost Burden >30%	66.4%	45.2%	8.3%	0%
With Cost Burden >50%	63.3%	14.4%	0%	0%
All Other Households	1,815	1,164	1,280	1,573
With Housing Problems	75.2%	62.5%	20.9%	1.8%
With Cost Burden >30%	73.8%	57%	20%	1%
With Cost Burden >50%	56.3%	15.5%	1.9%	0%
Total Renters	3,326	2,780	2,521	3,336
With Housing Problems	71.9%	59.4%	28.8%	6.8%
With Cost Burden >30%	69.8%	55.4%	26.1%	3.4%
With Cost Burden >50%	50.4%	16.4%	2.6%	0.6%

Source: 2000 Census

According to the 2000 Census, nearly 41% of all renter households are experiencing housing problems (approximately 5,000 out of 11,960). As you look at decreasing household incomes, this percentage increases and is at nearly three out of every four very-low-income renters. In addition, a large portion of renters are either cost burdened (roughly 39%, or 4,630) or severely cost burdened (about 19%, or 2,220). Typically when cost burdened households are forced to pay a higher proportion of their income on housing, they are forced to

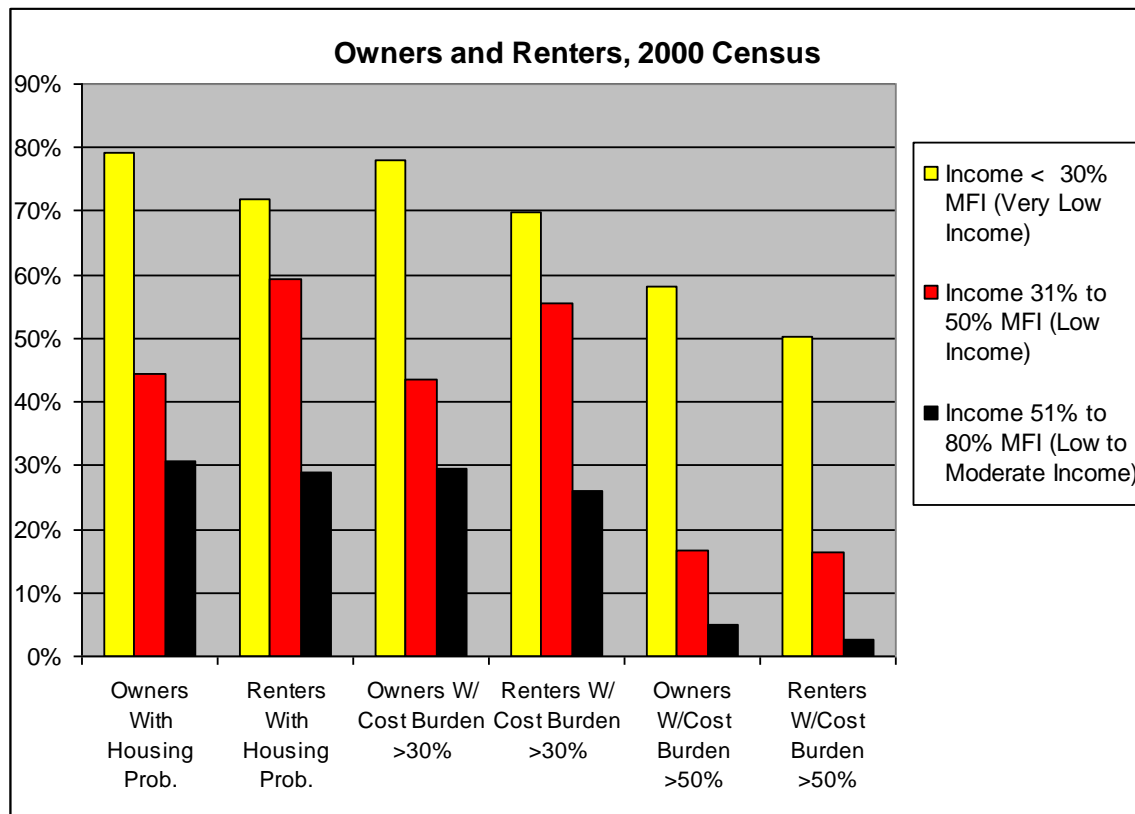
sacrifice other basic necessities such as food, clothing, transportation, and health care.

Home Owners	Household Income < 30% MFI Very Low Income	Household Income 31% to 50% MFI Low Income	Household Income 51% to 80% MFI Moderate Income	Household Income >80% MFI Middle Income
Elderly Home Owners	539	895	1,350	3,084
With Housing Problems	72%	22.5%	17.8%	2.2%
With Cost Burden >30%	71.2%	22.5%	17.8%	2.2%
With Cost Burden >50%	44%	6.4%	5%	.4%
Small Related Families	222	327	1,198	8,769
With Housing Problems	94.6%	72.8%	33.8%	5.2%
With Cost Burden >30%	92.8%	72.8%	33.1%	4.8%
With Cost Burden >50%	82%	28.4%	2.5%	.6%
Large Related Families	61	80	162	1,341
With Housing Problems	100%	82.5%	59.3%	8.4%
With Cost Burden >30%	93.4%	72.5%	40.7%	5.4%
With Cost Burden >50%	73.8%	20%	2.5%	.6%
All Other Households	328	287	824	2,451
With Housing Problems	77.1%	69.7%	42%	10.7%
With Cost Burden >30%	75.9%	68.3%	41.5%	9.8%
With Cost Burden >50%	62.5%	34.1%	8.7%	.6%
Total Owners	1,150	1,589	3,534	15,645
With Housing Problems	79.3%	44.4%	30.8%	5.8%
With Cost Burden >30%	77.9%	43.6%	29.6%	5.1%
With Cost Burden >50%	58.2%	16.6%	4.9%	.5%

Source: 2000 Census

Approximately 16% of all owners experience housing problems, and four out of five very-low-income homeowners experience housing problems. With the majority of affordable units being the older units, not only do the supply and price of affordable units impact lower-income households, but the same units are most likely to be substandard and in need of rehabilitation. Lower household income

prohibits homeowners from being able to afford the rehabilitation of their housing, resulting in further deterioration.



Along with cost burden, overcrowding, and substandard housing conditions contribute to these housing problems. The average lifespan of a house, according to the U.S. Department of Housing and Urban Development (HUD), is 40-50 years without significant annual maintenance. When older housing stock lacks routine maintenance, it will become substandard. The Duluth Building Inspection Office defines **substandard housing** in Section 108 of the *Duluth Housing Maintenance Code, Chapter 29A*:

Unsafe Structures and Equipment.

General. When a structure or equipment is found by the code official to be unsafe, or when a structure is found unfit for human occupancy, or is found unlawful, such structure may be condemned pursuant to the provisions of this code.

Unsafe structures. An unsafe structure is one that is found to be dangerous to the life, health, property or safety of the public or the occupants of the structure by not providing minimum safeguards to protect or warn occupants in the event of fire, or because such structure contains unsafe equipment or is so damaged, decayed, dilapidated, structurally

unsafe, or of such faulty construction or unstable foundation, that partial or complete collapse is possible.

Unsafe equipment. Unsafe equipment includes any boiler, heating equipment, elevator, moving stairway, electrical wiring or device, flammable liquid containers or other equipment on the premises or within the structure which is in such disrepair or condition that such equipment is a hazard to life, health, property or safety of the public or occupants of the premises or structure.

Structure unfit for human occupancy. A structure is unfit for human occupancy whenever the code official finds that such structure is unsafe, unlawful or, because of the degree to which the structure is in disrepair or lacks maintenance, is unsanitary, vermin or rat infested, contains filth and contamination, or lacks ventilation, illumination, sanitary or heating facilities or other essential equipment required by this code, or because the location of the structure constitutes a hazard to the occupants of the structure or to the public.

The Duluth Building Safety Department routinely identifies properties unfit for human occupancy and maintains a property condemnation list. This condemnation list is available to Community Development and to Duluth Housing Agencies that provide rehabilitation services. The Building Safety Department has a process for working with the property owner to correct the substandard conditions where possible.

Standard Housing Condition. Housing which in initial construction quality and current condition is safe, fit for human occupancy, and is structurally sound according to Section 108 of *Duluth Housing Maintenance Code, Chapter 29A*.

Substandard Housing Condition but Suitable for Rehabilitation. Any housing unit which does not meet the definition for standard housing condition, or contains lead paint, or could be on the City of Duluth Condemned for Human Habitation list, but is not on the City of Duluth Condemned for Demolition list.

Substandard Housing Condition. Any housing units that are listed on the City of Duluth Condemned for Demolition list.

While the 2000 Census may be dated, recent information from the *2008 ACS* indicates that the trend of households committing large portions of income to housing costs is continuing. The median monthly housing costs for mortgaged owners was \$1,269, nonmortgaged owners \$394, and renters \$633.

The 2000 Census indicated that 16.5% of owners with mortgages and 41.5% of renters in Duluth spent 30% or more of household income on housing. According to the *2008 ACS*, 33% of owners with mortgages and 56% of renters

in Duluth spent 30% or more of household income on housing. In addition, 4,100 (27%) households spent between 30% and 49%, and 4,149 (28%) of households spent over 50% of their household income in the last 12 months on rent.

Since a large portion of affordable units are older units, not only do the supply and price of affordable units impact lower-income households, the same units are most likely in need of rehabilitation. Lower household income prohibits households and rental property owners from being able to afford the rehabilitation, thereby allowing further deterioration. Given this information, the need for affordable housing resources is important for both rental and owner-occupied housing. To meet the affordable housing requirements of Duluth's residents, it is important to concentrate on the preservation of existing housing units and create new housing units which will help to alleviate cost burdens, lack of units, and give low-income families housing choices.

Assessment of Specific Needs

The proportion of minorities to whites in Duluth has grown over the previous years. All minority populations have grown, with Blacks showing the largest gains. The table below shows the change in racial makeup between the 1990 Census and the *2008 American Community Survey*.

Race	Census 1990*	Census 2000*	ACS 2008*	Change From 1990 to 2008
White	95.9%	92.7%	91.6%	-4.5%
Black/African American	.9%	1.6%	2.0%	122.2%
Native American	2.2%	2.4%	2.6%	18.2%
Asian	0.9%	1.1%	1.5%	66.7%
Other	0.2%	0.3%	0.1%	-50.0%
Two or More Races	-	1.8%	2.0%	-
Median HH Income	\$23,370	\$33,766	\$37,679	61.2%
Poverty Rate	16.6%	15.5%	20.1%	21.1%
*Due to rounding, some numbers may not equal 100%				

Generally speaking, minority renter and owner-occupied households are more likely to have a disproportionate housing need than households in general. Other indicators of the relative health of the community are the median household income and the poverty rate. While the median household income has steadily increased, the poverty rate still remains high, this supports the tables indicating the high numbers of cost burdened and severely cost burdened households.

The following table indicates the extent to which any racial group has a disproportionately greater need than that of any particular category as a whole. The information is taken from the 2000 Census. Bold numbers indicate when there is at least 10% more members of a specific racial group at need than the category as a whole.

Disproportionate Housing Need for Specific Groups	HH Income < 30% MFI Very Low Income	HH Income 31% to 50% MFI Low Income	HH Income 51% to 80% MFI Moderate Income	HH Income >80% MFI Middle Income
Renters				
Hispanic	17%	71%	30%	39%
White	73%	61%	30%	7%
Black	74%	53%	9%	15%
Native American	74%	100%	36%	0%
Asian	74%	0%	100%	14%
Two or More	85%	40%	0%	24%
Other	0	0%	0%	0%
Total Population*	73%	60%	30%	8%
Home Owners				
Hispanic	0%	0%	29%	8%
White	79%	47%	31%	6%
Black	100%	29%	0%	0%
Native American	100%	100%	44%	33%
Asian	100%	0%	50%	10%
Two or More	100%	21%	60%	31%
Other	100%	0%	100%	0%
Total Population*	80%	47%	32%	6%
*A disproportionate housing need exists when there is at least 10% more members of a specific racial group at need than the category as a whole. Source: 2000 Census – Median Family Income				

The information from the census identifies several areas of housing affordability disparity. In the Extremely Low Income category (less than 30% MFI), renters who are Two or More races and homeowners who are Black, Native American, Asian, Two or More races or Other races experience disproportionately higher costs than total overall households in this income category. In the low income

category (30 to 50% MFI), Hispanics and Native American renters and Native American home owners experience disproportionately higher costs than total overall households in this income category. In the moderate income range (51%-80% MFI), renters who are Asian and homeowners who are Native American, Asian, Two or More Races, or other are experiencing disproportionate housing costs. Finally, In the middle income range (over 80% MFI), renters who are Hispanic or Two or More Races and homeowners who are Native American or Two or More Races are disproportionately burdened by housing costs.

Overall, the population segments most adversely affected by disproportionate housing costs are Native Americans and Two or More Races. Since minorities tend to have a higher rate of housing/income burden than white households, and as minorities are becoming an increasingly larger proportion of Duluth's total population, it is assumed that the housing affordability issue will continue to be a housing barrier. With that information in mind, the City, its housing partners, and subrecipients will promote housing programs with an eye towards reducing the identified housing affordability disparities in future years.

Priority Housing Needs (91.215 (b))

1. Identify the priority housing needs and activities in accordance with the categories specified in the Housing Needs Table (formerly Table 2A). These categories correspond with special tabulations of U.S. census data provided by HUD for the preparation of the Consolidated Plan.
2. Provide an analysis of how the characteristics of the housing market and the severity of housing problems and needs of each category of residents provided the basis for determining the relative priority of each priority housing need category.
3. Describe the basis for assigning the priority given to each category of priority needs.
4. Identify any obstacles to meeting underserved needs.

3-5 Year Strategic Plan Priority Housing Needs response:

Utilizing the historic data provided by the 2000 Census, and the updated 2008 ACS and *Housing Indicator Report*, the following priority needs have been identified:

Renters with incomes at or below 50% of Duluth's median income.

Renters as a whole are significantly cost burdened, with more than half of all Duluth tenants paying more than 30% of their income for housing. Very low- and low-income families (both large and small households) are the most likely to

experience severe cost burdens, spending half or more of their income on rent. There is an insufficient amount of subsidized rental units to meet the demand, as indicated by the HRA's waiting lists for public housing and housing vouchers. In particular, households experiencing homelessness and those that do not qualify for HRA's housing programs have great difficulty securing, and maintaining, rental units.

Compared to other categories of renters, the elderly are somewhat less cost burdened. This may be a reflection of the greater availability of subsidized housing for Seniors.



Memorial Park, owned by Center City Housing, provides 39 units of affordable rental housing in a newly renovated, highly energy efficient building.

Homeowners living in older substandard housing whose incomes are 80% of median or below.

Although homeowners in general are less cost burdened than renters (a third of homeowners versus more than half of all renters), a higher percentage of low to moderate income owners are paying an excessive amount of their income towards housing, as well as experiencing housing problems. Housing problems could include plumbing in disrepair, unvented or unreliable heating source, lack of basic kitchen facilities, leaks, pest infestations, missing or unsafe electrical systems, or other health and safety violations.

This creates a high number of homeowners who may be “precariously housed,” barely able to keep up with the costs of owning a home. They often lack the resources to maintain their homes in good condition, or to upgrade an older house to modern energy standards. They also face a higher risk than renters of losing their housing through foreclosure.

Again, although very low-income elderly homeowners are facing significant cost burdens, most elderly homeowners are not paying excessive amounts of their income for housing. However, past experience with homeowner rehab programs indicates many elderly homeowners fall behind in routine maintenance, either due to lack of resources or declining health. Providing rehab assistance to elderly homeowners allows them to remain in their home as long as possible, and preserves the affordable housing stock for future homebuyers.

Persons with special needs, and those who are homeless or at risk of becoming homeless.

The 2008 ACS estimates there are 6,416 persons between the ages of 18 and 64 with disabilities in Duluth. Often, with individualized services and adaptive housing, persons with disabilities can live independently as contributing members of the community. In particular, persons with physical disabilities greatly benefit from accessible housing, and those with chronic addiction and/or mental health issues need support to maintain permanent housing and break a cycle of homelessness. Persons with special needs face additional obstacles in securing and retaining appropriate housing, and are, therefore, a priority for housing resources.

Based on the most recent “point in time” count, an estimated 300 to 350 persons are experiencing homelessness in Duluth. Studies have shown that many of these individuals and families could maintain housing if they are provided an appropriate level of supportive services in subsidized housing units. As the “housing first” model becomes the focus of Continuum of Care efforts to address long-term homelessness, there is an increased need for permanent, supportive housing units.

The primary obstacle to addressing housing needs is lack of sufficient dollars. State and federal funding has steadily decreased since the last Consolidated Plan was adopted. The economic downturn severely impacted housing tax credits and bonding, that were the primary support of affordable rental housing development and State homebuyer programs. The economic recession has diminished the ability of both renters and homeowners to maintain housing, and homebuyers to secure loans necessary to purchase homes. Higher utility costs further strained budgets, increasing the housing cost burden.

Foreclosed properties that become blighting influences on neighborhoods are another obstacle to recovery of the housing market. They depress the value of surrounding homes, and lead to further disinvestment. If not addressed, concentrations of vacant foreclosed and abandoned homes can negatively affect entire neighborhoods.



Picture of house before demolition by the Duluth HRA under their acquisition and demolition program.

Table 2A
Priority Housing Needs/Investment Plan Table

PRIORITY HOUSING NEEDS (households)		Priority		5-Year Goal
Renter	Small Related	0-30%	H	86
		31-50%	H	54
		51-80%	M	50
	Large Related	0-30%	H	64
		31-50%	H	60
		51-80%	H	53
	Elderly	0-30%	M	
		31-50%	M	
		51-80%	M	
	All Other	0-30%	H	33
		31-50%	L	
		51-80%	L	
Owner	Small Related	0-30%	M	152
		31-50%	H	152
		51-80%	H	143
	Large Related	0-30%	M	151
		31-50%	H	153
		51-80%	H	197
	Elderly	0-30%	M	
		31-50%	M	
		51-80%	H	51
	All Other	0-30%	M	
		31-50%	M	
		51-80%	M	
Non-Homeless Special Needs	Elderly	0-80%	M	Included Above
	Frail Elderly	0-80%	M	
	Severe Mental Illness	0-80%	H	
	Physical Disability	0-80%	H	
	Developmental Disability	0-80%	H	
	Alcohol/Drug Abuse	0-80%	H	
	HIV/AIDS	0-80%	M	
	Victims of Domestic	0-80%	M	

Housing Market Analysis (91.210)

*Please also refer to the Housing Market Analysis Table in the Needs.xls workbook

1. Based on information available to the jurisdiction, describe the significant characteristics of the housing market in terms of supply, demand, condition, and the cost of housing; the housing stock available to serve persons with disabilities; and to serve persons with HIV/AIDS and their families. Data on the housing market should include, to the extent information is available, an estimate of the number of vacant or abandoned buildings and whether units in these buildings are suitable for rehabilitation.
2. Describe the number and targeting (income level and type of household served) of units currently assisted by local, state, or federally funded programs, and an assessment of whether any such units are expected to be lost from the assisted housing inventory for any reason, (i.e. expiration of Section 8 contracts).
3. Indicate how the characteristics of the housing market will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units. Please note, the goal of affordable housing is not met by beds in nursing homes.

Housing Market Analysis

Housing Market

1. Significant Characteristics

Supply

The 2008 American Community Survey (2008 ACS) reports a total of 38,109 housing units in Duluth. This includes 21,339 owner-occupied units, 15,081 rental units, and 1,689 vacant units. The 2000 Census reported a total of 36,994 housing units of which 22,773 were owner-occupied, 12,727 were rental units, 1,494 were vacant, and 184 were seasonal or recreational units. While Duluth gained housing units between 2000 and 2008, the number of owner-occupied units has decreased (61.6% to 56%) and the rental units have increased (34.4% to 39.6%).

Duluth Housing Units	2000 Census	2000 Census % owner/rental	2008 American Communities Survey	2008 ACS % owner/rental
Total Units	36,994		38,109	
Owner Occupied	22,773	61.6%	21,339	56%
Rental	12,727	34.4%	15,081	39.6%
Vacant	1,494	4.0%	1,689	4.4%
Seasonal/Recreational	184		n/a	

Source: 2000 Census, 2008 ACS. Note: While the 2008 ACS data is sampling data and the potential for errors may exist, it has been used for the purpose of drawing trends in the housing market.

Since 2002 the City has approved several new plats, special use permits, and new planned unit developments resulting in the creation of 661 new building lots for single family and duplex housing development. The majority of these have been for market rate housing. Additionally, since 2002 the City has issued building permits for infill and new development housing to create 696 single family housing units and 1,197 multi-family housing units. Taking into account the 545 housing units demolished between 2002 and 2008, and the number of permits issued, the net gain in the last seven years is 1,348 housing units.

Substandard Housing such as condemned, vacant, or abandoned property affects the supply of housing. Information about these properties can be found in the Condition of Housing portion of this housing market analysis.

Demand

The *2008 Duluth Housing Indicator Report* cites single family housing sales data from the Duluth Assessors office and the Duluth Area Association of REALTORS. The number of sales per year gives an indication of current housing demand. Between 2000 and 2008, home sales steadily increased, reaching a high of 1,573 sales in 2005 and then dropped significantly in 2006 through 2008. The sales numbers were 1,214 in 2006, 1,006 in 2007, and only 744 in 2008. The average days-on-the-market number has been close to 60 days for two years, but recent anecdotal information indicates a much longer turnaround time. This decrease in single family home sales indicates a slow down in the demand. The lower demand can be partially attributed to the current economy and numerous foreclosures in recent years.

The *2008 Duluth Rental Vacancy Rate Survey*, (found within the *2008 Duluth Housing Indicator Report*), an annual survey conducted by the City of Duluth Community Development Division, indicated an overall rental property vacancy rate of 5.0%. From 2002 to 2005, the vacancy rate steadily increased from 2.6% in 2002 to 6.1% in 2005. The rate declined to 5.4% in 2006, rose slightly to 5.5% in 2007 and was at 5.0% for 2008.

Generally, a rental market with a 5% vacancy rate is considered healthy, where demand is balanced by supply. A 2% or less vacancy rate indicates an extremely tight market, where too many households are competing for too few apartments.

Two other factors to be considered regarding the supply and demand of housing include the impact of recent home foreclosures and the recent increase of single family housing units in the rental market. Since 2005, home mortgage foreclosures have skyrocketed in many communities nationwide, including Duluth. Between 2005 and 2008, the number of foreclosures increased from 81 to 239. The following table compares the number of Duluth foreclosures to the number of foreclosures of the entire St. Louis County. In 2005 the Duluth foreclosures were approximately one-third of the entire county. But in 2008, the Duluth foreclosures were 50% of all foreclosures in the county.

Housing Foreclosures – Duluth and St. Louis County

YEAR	Duluth	St. Louis County	Duluth foreclosures as % of County Total
2005	81	219	37%
2006	139	319	44%
2007	183	359	51%
2008	239	476	50%

A further analysis of the foreclosure data indicates that the older, central core, hillside neighborhoods and West Duluth (zip codes 55805, 55806, and 55807) have been hardest hit. During the last three years there were 45 foreclosures (comprised of 83 housing units) in the neighborhoods of East and Central Hillside; there were 78 foreclosures (comprised of 106 housing units) in the neighborhood of Lincoln Park; and there were 88 foreclosures (comprised of 93 housing units) in the West Duluth neighborhood. This is a total of 282 units in foreclosure; all of these units are located in CDBG target areas.

The impact of foreclosures in a community can be quite significant. Properties in foreclosure tend to be vacant for a period time, can be vandalized and/or fall into disrepair. Families lose their homes and neighborhoods become blighted and undesirable places to live. Two quantifiable costs often associated with mortgage foreclosure include the costs to recover and rehabilitate the property, and the decrease in property value associated with the housing unit as well as the values of surrounding properties. Families losing their homes to foreclosure will most likely enter the rental market. As seen in the neighborhood foreclosure numbers above, families living in rental housing are also at risk of losing their housing when the foreclosures hit the multi-family housing stock as well. While the *2008 Duluth Rental Survey* indicates a good rental vacancy rate, the continued increase in the mortgage foreclosure rate in Duluth could lead to tighter rental housing vacancy rates and a greater shortage of affordable housing in Duluth.

There are approximately 20,000 students attending the three major colleges in Duluth, nearly three-quarters of whom are full-time students. The colleges report 4,050 students living on campus and a private college housing provider reports 851 students living in their complexes. Of the full-time students alone, it is estimated that 9,622 live off campus in apartments or single family homes that are not designated as student housing. *2008 Housing Indicator Report*.

Since 2001, the number of single family rental units has increased from 1,893 to 4,097 in 2008. The most significant increase of single family rental housing units has been in the neighborhoods near the College of St. Scholastica and the University of Minnesota-Duluth. These neighborhoods generally consist of modest, older, affordable single family housing units. In addition to the increase of single family rental licenses, the 2008 Duluth assessor data reveals a total of 487 single family, duplex, or triplex units classified as relative homestead. Many of these affordable, single family housing units are owned by landlords seeking to capture the student rental market or by parents of students attending school in Duluth. This has increased the demand for affordable single family housing units and has limited the supply for low income families seeking to buy affordable homes.

Housing Condition

Data about housing conditions in the terms of age, indoor plumbing, complete kitchen facilities and/or condemned, vacant, or abandoned properties reflect the quality of housing stock. Older housing stock requires increased renovation to keep the housing livable and compliant with City building codes.



The before picture of a house to be rehabbed by the Duluth HRA



The newlyrenovated “after” picture showing the improvements that can be accomplished by the Duluth HRA’s rehab program.

As noted in the Housing Needs (91.205) section of the plan, the average lifespan of a house, according to the U.S. Department of Housing and Urban Development (HUD), is 40-50 years without significant annual maintenance. When older housing stock lacks routine maintenance, it will become substandard. (See the Housing Needs (91.205) for the full definition of substandard housing.)

Age of Housing Stock

The majority of Duluth's housing stock was built more than 50 years ago. The older Duluth homes tend to be located in the traditional core neighborhoods of the City. These neighborhoods include Fond du Lac, Gary-New Duluth, Morgan Park, West Duluth, Lincoln Park, Duluth Heights, Central Hillside, East Hillside, Endion and parts of the North Shore. Many of the newer homes tend to be located outside of Duluth's core neighborhoods. As noted in the 2008 ACS, 75% of Duluth's housing stock is 40 years or older, and 66% of the housing stock is 50 years or older. Only about 5.7% of Duluth's housing stock has been built in the last ten years.

Units lacking indoor plumbing and kitchens

The Census Bureau defines complete plumbing facilities as hot and cold piped water, a bathtub or shower, and a flush toilet. Units without complete plumbing facilities generally indicate substandard housing conditions. The complete kitchens are defined as a sink with piped water, a range or cook top and oven, and a refrigerator. All of these items must be located within the house.

The 2008 ACS estimates there are 585 housing units lacking complete plumbing facilities. This number has more than doubled since the 2000 Census (223), which more than doubled from the 1990 figure. According to the 2000 Census, 317 housing units lacked complete kitchen facilities, the 2008 ACS estimates 351 Duluth housing units lack complete kitchen facilities. This is 34 more units than reported in 2000.

Condemned, Vacant, Abandoned

This age of housing stock information alone makes it important for the City to examine options that encourage maintaining and rehabilitating existing rental and owner-occupied properties. The City of Duluth Building Safety Department keeps a list of properties identified as condemned for habitation or condemned for demolition. As of December 2008, there were 138 properties (comprised of 285 housing units) on the City of Duluth Building Safety condemnation list. Of those, 16 housing units were condemned for demolition while the remaining 269 housing units were condemned for human habitation. As of September 30, 2009, there were 94 properties on the recently established *Duluth Registered Vacant Properties* list. This is a combination of single family and multi-family properties. It is unclear what impact foreclosed housing units will have in the City, but foreclosures are expected to be an issue if not addressed.

Based on the condemnation and/or inspection reports, approximately 85% of the 269 units condemned for human habitation are considered substandard but suitable for rehabilitation. The 16 units condemned for demolition are substandard units that have been determined to be financially infeasible to rehabilitate. About 75% of the 94 properties on the *Duluth Registered Vacant Properties* list are also considered suitable for rehabilitation. This totals 299 condemned and/or registered vacant substandard properties that are known to be suitable for rehabilitation.

Approximately 25,000 housing units (66%) are 50 years or older. The majority of the older housing stock is located in the older, core neighborhoods of Duluth, where there is also a higher percentage of low to moderate income people. Census data indicates that the percentage of renters and homeowners experiencing housing problems correlates closely with household income. Therefore, without affordable rehabilitation assistance, the older housing is in danger of further deterioration.

Cost of Housing

The following discussion regarding the cost and affordability of housing in Duluth has been taken, in part, from the *2008 Housing Indicator Report*. The cost of owner-occupied housing is compared to renter-occupied housing. Additionally, a breakdown is provided of the affordability of housing for low-income residents.

2008 Single Family Homes - Valid Sales

The table below reflects valid single family home sales data reported by the Duluth Assessors Office. According to this data, the overall average sales price and the median sales price in Duluth decreased for the first time in several years as did the total number of sales. From 2007 to 2008, the median sales price dropped \$4,000, from \$150,000 to \$146,000, approximately 3%. During the past five years, 2004 to 2008, the median home sales price increased 12.4%, \$129,900 to \$146,000. This is an average yearly increase of 2.5%.

Recorded Sales by Year	2001	2002	2003	2004	2005	2006	2007	2008
Total # of Sales	1,097	1,229	1,323	1,486	1,573	1,214	1,006	744
Average Sale Price	\$109,587	\$125,020	\$146,136	\$147,700	\$159,662	\$165,498	\$170,646	\$168,101
Median Sale Price	\$92,000	\$108,000	\$123,000	\$129,900	\$140,000	\$141,000	\$ 150,000	\$146,000

As noted earlier in this report, the number of properties going into foreclosure continues to increase. Depending on their condition, these properties may stay on the market longer. For Duluth's residential properties sales only, the overall average number of days on the market from 2007 to 2008 remained about the

same (56 versus 58 days). The average days on the market varied by neighborhood from 41 average days in the East End neighborhood to 89 days on average in the Downtown neighborhood. An average of 58 days is just under two months. With a lagging softer market and as tighter lending standards are put in place, the number of days a housing unit is on the market may go up. See Days on Market chart below.

YEAR	2005	2006	2007	2008
Average Days on Market	57	93	56	58

2008 Rents

The 2008 Housing Rental Survey indicated a significant increase in the average rent over previous years' average rent. In previous years, the average rent remained fairly steady (from \$631 in 2004 to \$634 in 2005 and \$628 in 2006). In 2007, the survey indicated that the average rents in Duluth had increased sizably over the previous year to \$647 (an increase of \$19). In 2008, the average rent in Duluth increased substantially to \$731 (an increase of \$84 above 2007). During the last five years, 2004 to 2008, the average rent increased 15.8% (\$631 to \$731).

Rental Rates by Bedroom Size 2003 - 2008

The table below provides a breakdown of average rents by bedroom size. The survey found that the average rent (for all units) increased by 11.3% in 2008. When broken down by bedroom size the survey shows that the most significant rent increase was for studio-efficiency units, where the average reported rent rose from \$373 in 2007 to \$477 in 2008 (an increase of more than 25%), and for 1-bedroom units, where the average reported rent rose from \$550 to \$656 (an increase of 20%). The high increases to average rents from 2007 to 2008 are most likely attributed to higher utility costs. With studio/efficiency units and with 1-bedroom units, the survey found that in 2008, landlords are more likely to pay the utility costs for these units. Whereas the utility costs for 2-bedroom, 3-bedroom and 4-bedroom units are more likely to be paid by the tenant.

Bedroom Size	2003	2004	2005	2006	2007	2008
Efficiency	\$342	\$383	\$378	\$377	\$373	\$477
1 Bedroom	\$527	\$569	\$557	\$563	\$550	\$656
2 Bedroom	\$722	\$746	\$756	\$726	\$786	\$817
3 Bedroom	\$974	\$878	\$885	\$829	\$803	\$952
4 Bedroom	\$848	\$942	\$905	\$945	\$892	\$969

Average (All)	\$602	\$631	\$634	\$628	\$647	\$731
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Affordability Analysis

According to the U.S. Department of Housing and Urban Development (HUD), affordable housing is where no more than 30% of a household's gross income is used for housing. As noted in the *2008 Housing Indicator Report*, a person in Duluth would then need to make approximately \$37,128 annually to afford a \$146,000 home – the 2008 median price of a single family home in Duluth. Homeownership appears to be somewhat more affordable than in years past, in part due to the current lower interest rates.

The average selling price for a two-bedroom home in Duluth in 2008 was \$128,685, which equates to an approximate \$838 monthly mortgage payment. For a three-bedroom home, based on the average 2008 selling price (\$161,479), the approximate monthly mortgage payment would be \$1,052.

Based on the average overall 2008 rent in Duluth, \$731 per month, the renter would need an annual income of \$29,328 or \$14.10 per hour to afford this rent. Given the average two-bedroom rent for 2008 of \$817, an annual income of \$32,760 (\$15.75 per hour) would be needed. Likewise, to afford the average 2008 three-bedroom rent of \$952 per month, the renter would need an income of \$18.30 per hour or \$39,104 per year.

Housing Affordability Based on Duluth's Five Highest Employment Sectors

The Minnesota Department of Employment and Economic Development (DEED) publishes and reports quarterly and annual Minnesota employment data. DEED reports that Duluth's 2008 average annual wage for all industries is \$39,416. This is a 10.7% increase over the last five years.

Year	2004	2005	2006	2007	2008
Annual Wage	\$35,620	\$35,568	\$36,660	\$38,532	\$39,416

Source: MN DEED, Quarterly Census of Employment & Wages (QCEW)

As noted in the two tables below, during the past five years, 2004 to 2008, the annual average unemployment rate hovered around 5%. But, during the first nine months of 2009, DEED reports that Duluth has seen a higher than average unemployment rate.

Increases in unemployment decrease the demand for rental units in both the low and high income markets. Although higher unemployment decreases the demand, and thus the price of housing, it also increases the burden faced by households in acquiring rental units. Since housing is a necessity, a household faced with unemployment must choose either to increase its housing cost burden or to find lower-quality rental units.

Likewise, demand for buying a house falls as unemployment increases. Housing payments cannot be made and foreclosure is likely to happen. A shaky economy will cause persons to avoid taking on a mortgage or a higher rent.

Year	2004	2005	2006	2007	2008
Average unemployment Rate	5.4%	5.0%	4.8%	5.0%	5.7%

Source: MN DEED

Unemployment Rate January 2009 – September 2009

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Rate	8.8%	8.7%	8.7%	7.9%	7.5%	8.0%	7.4%	7.2%	7.1%

Source: MN DEED

Housing Affordability by Employment Sector Industries

The following table looks at the average annual wage of all occupations in 2008 as well as from the top five employment sector industries in Duluth, the average rent (2BR unit), the monthly house payment (average priced 2BR house), and calculates the affordable monthly housing payment for each income level. The difference between what is affordable at each income level and the average housing cost for 2008 shows which income levels have gaps between the actual costs and what is affordable.

Duluth Industries All occupations and six highest Employment Sectors	Duluth's Average Hourly Wage	Duluth's 2008 Annual Average Wage	Affordable Housing Payment (30% of Income)	Monthly Payment Median Priced 2 Bedroom House	Gap	Monthly Payment Average Rent 2 bedroom Apartment	Gap
All Occupations	\$18.95	\$39,416	\$986	\$838	\$148	\$817	\$169
Health Care & Social Assistance (16,938)	\$21.45	\$44,616	\$1,115	\$838	\$277	\$817	\$298
Retail Trade (6,705)	\$9.60	\$19,968	\$499	\$838	-\$339	\$817	-\$318
Accommodations & Food Service (5,860)	\$6.01	\$12,532	\$313	\$838	-\$525	\$817	-\$504
Education Services (5,384)	\$21.10	\$43,888	\$1,097	\$838	\$259	\$817	\$280
Manufacturing (3,544)	\$23.50	\$48,880	\$1,222	\$838	\$384	\$817	\$405

Source: HUD, MN Dept of Employment & Economic Development-October 2009, 2008 Duluth Housing Indicator Report.

The Retail Trade and Accommodations and Food Service industries show significant gaps between the cost of housing and what is affordable. According to the 2008 ACS, 33% of owners with mortgages, 11% of owners without mortgages, and 56% of renters in Duluth spent 30% or more of household income on housing. This indicates a continued need for affordable housing, especially rental housing.

Housing Affordability Based on the City of Duluth Median Family Income

Another example pertaining to housing affordability in Duluth can be based on the area median income that is calculated and updated by HUD annually for the Duluth – Superior metropolitan area. The Duluth area median income in 2008 was \$58,900. The median divides the household income distribution into two equal parts: one-half falling below the median household income and one-half being above the median income. In the following table, the median income for a family of four persons is listed for each income category from the extremely low-income category to the moderate income category. The affordable housing payment has then been compared to the cost of a home that the family can afford to purchase.

Affordable Price Range

HUD definitions of Low- and Moderate Income	2008 HUD Median Income \$58,900 (family of four)	Affordable Housing Payment	Monthly Payment Median Priced 2-BR House	Monthly Payment Median Priced 3-BR House	Monthly Payment Average Rent 2-BR Apt.	Monthly Payment Average Rent 3-BR Apt.	Affordability GAP
Extremely Low-Income 30% or less of Median Income	\$0 - \$17,650	\$442 (House costing \$67,906 or less)	\$838	\$1,052	\$817	\$952	(\$375 - \$610)
Low Income 30% - 50% of Median Income	\$17,651 - \$29,450	\$754 (House costing \$113,228 or less)	\$838	\$1,052	\$817	\$952	(\$63 - \$298)
Moderate Income 50% - 80% of Median Income	\$29,451 - \$47,100	\$1,177 (House costing \$180,981 or less)	\$838	\$1,052	\$817	\$952	NO GAP Income more than average cost by \$360 - \$125

Based on the calculations above, if only 30% of a household's income goes to housing, an extremely low-income household would be able to afford a house priced at less than \$68,000. Likewise, a low-income household could afford a home priced at \$113,000 or less, while a moderate-income household could afford a home priced at \$180,000.

Housing Stock Available to Serve Persons with Disabilities

Affordable housing is provided to disabled clients of the Human Development Center (HDC) through a joint program (Bridges) with the Housing and Redevelopment Authority of Duluth. The program provides housing vouchers to provide rental assistance to developmentally disabled individuals.

Accessible Space, Inc. (ASI) is a statewide housing provider that provides affordable supportive housing for very low-income individuals with disabilities. ASI currently operates 87 units in four developments in Duluth. At the time that ASI constructed the last 20-unit development (with Duluth HOME program assistance) they indicated there were 49 persons on their waiting list.

The recently constructed San Marco Apartments provides housing for chronically addicted persons. Based on the success of this supportive housing model, it is being duplicated across the state. The property owner, Center City Housing Corporation, expects more units are still needed.

Housing Stock Available to Serve Persons with HIV/AIDS and their families

In Duluth, housing for persons with AIDS has not been a significant problem. Information provided by the Minnesota AIDS Project suggested that there were approximately 30 adults living in Duluth with HIV/AIDS in 2004 and that number is estimated to be even less in 2008. Funded programs and extensive services, including housing, are provided in the Twin Cities of Minneapolis / St. Paul, Minnesota for persons in need.

2. Units Currently Assisted by local, state, or federally funded programs.

Among the subsidized housing units in Duluth, 273 are currently at risk of losing their affordability status before 2014. Unless the property owners renew their contracts or consent to extending their affordability agreement, these units may be sold or rented at market rate, limiting the number of affordable units available to low-income and moderate-income households. The following chart identifies affordability periods that will expire within the five-year Consolidated Plan period:

Property Name	Address	Units	Restriction Expires
St. Ann's Home	330 E 3rd St	40	May-2010
Superior View Apts	1022 Junction Ave	24	Jan-2011
Applewood West/Fairmont Apt	301 N 4th Ave W	42	May-2011
Redruth Valley Apts	6801 Redruth St	18	Jul-2012
Burke Apartments	720 Maple Grove Rd	20	Jul-2012
Morgan Park Townhomes	8901 Edward St	24	Sep-2012
Lakeland Shores Apts	4500 Cambridge St	45	Dec-2012
Kingsley Heights Apts	101 W 1st St	34	Jun-2013
Endion School	1802 E 2nd St	26	Dec-2013
Total		273	

In addition to the 273 subsidized housing units at risk listed in the table above, there are additional subsidized housing units that are also at risk. First, the Women's Community Development Organization (WCDO) is in the process of liquidating its assets due to the collapse of the organization. WCDO is a non-profit provider of transitional, supportive and permanent rental housing for low-income or homeless individuals and families. The past several years has seen major turnover in key staff, including the Executive Director. The agency has struggled with insufficient administrative resources, and with negative cash flow in a number of their rental properties. The Board of Directors made the decision to dissolve the organization, and is working with the City of Duluth and other funders to maintain the affordability of their units by turning over their portfolio to another nonprofit agency. If this effort is unsuccessful, there is a possibility that some or all of WCDO's 87 units of affordable housing would convert to market-rate apartments. The second subsidized housing complex at risk is the senior housing complex known as Gateway Tower, which is in the early stages of foreclosure. The board that operates the complex cites several factors, including market conditions, that have led to the property's current financial condition so that it cannot compete against newer subsidized housing. The City is willing to provide assistance should HUD, who is the mortgage holder on this property, propose a plan to preserve the affordability of this Senior Housing apartment building.

Minority Concentration

Areas of minority concentration are defined as block groups and/or census tracts that report a greater percentage of minorities than the City's overall rate of 7.3%. The minority concentrated areas also appear to be concentrated with low-income people. Hence, much of the minority population is likely to also be low income. The minority and low-income population are concentrated in the center part of the City and surrounding neighborhoods. According to the 2000 Census, over 65% of the City's minority population is living in a concentrated minority area. Approximately 30% of the City's total land area is located in an area of minority concentration. Please see Appendix C for a map describing the areas of minority concentration.

Poverty Concentration

Areas of poverty concentration are defined as block groups and/or census tracts that report a greater percentage of poverty than the City's overall rate. In 2000, 15.5% (12,627 persons) of the City's population was living in poverty. In contrast, 26.4% (8,629 persons) of the CD Target Area's population was living in poverty, with over 40% below the poverty level in some census tracts. Only eight of the 26 target census tracts and block groups in the CD Target Area reported a lower percentage of population living in poverty than the City as a whole. The most impoverished neighborhoods include:

- CT 18—981 persons, 45.5%
- CT 16—668 persons, 43.6%
- CT 19—792 persons, 43.1%
- CT 14—927 persons, 35.4%

See Map 3 – Percent of Persons in Poverty by 2000 Census Tracts in Appendix C.

The 2008 ACS estimates that 20.1% of the population currently lives below the poverty level. This is a 5% increase in the number of persons in poverty in Duluth since 2000 and corresponds to other recent poverty data reported by the United Way and by other local non-profit agencies.

3. Indication how the housing market characteristics will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units.

The City of Duluth will use funds to address the housing needs in all of the following categories: rental assistance, production of new units, rehabilitation of old units, and acquisition of existing units. The City cannot afford to lose affordable housing inventory due to foreclosure, blight, or expiring use or other identified factors. Available funds will be used to provide and preserve affordable housing to meet the needs of the community.

Rental Assistance

Use of funds to assist low income households with the cost of rent.

- The average rent increased 11.3% between 2007 and 2008; studio and one-bedroom units seeing the most significant increases (25%+ and 20% respectively).
- Fifty-six percent (56%) of Duluth renters pay more than 30% of their income on housing.
- The continued increase in the mortgage foreclosures could lead to a tighter rental housing vacancy rate and a greater shortage of affordable rental housing.
- Section 8 Waiting List is growing by 10 households per day.

- Households experiencing homelessness that are ineligible for public housing units or rental vouchers find it nearly impossible to secure housing without alternative rental assistance. As the households of greatest need, this population will be the focus of HOME TBRA.

Production of New Units

Use of funds to replace demolished rental or homeowner units.

- The majority of the Duluth housing stock is old: 66% of the housing is 50 years or older and only 5.7% has been built in the last ten years, five units lack plumbing facilities, 317 units lack complete kitchens, and 285 units are condemned for habitation or demolition. As substandard units which are infeasible to rehab are demolished, replacement units will be needed.

Use of funds to create new affordable rental housing.

- The continued increase in mortgage foreclosures could lead to a tighter rental housing vacancy rate and a greater shortage of affordable rental housing.
- The potential loss of 273 or more subsidized units (expiring use or other) could create a greater demand for affordable units than available.

Rehabilitation of Old Units

Use of funds to rehabilitate the older housing stock to increase the useful life, bring it up to code, increase energy efficiency and ensure safe conditions.

- The majority of the Duluth housing stock is old: 66% of the housing is 50 years or older and only 5.7% has been built in the last ten years, five units lack plumbing facilities, 317 units lack complete kitchens, and 285 units are condemned for habitation or demolition.
- The percentage of owner-occupied units has fallen from nearly 62% in 2000 to about 56% in 2008. The increase in housing foreclosures since 2005 has increased the number of vacant and sometimes blighted units in Duluth.
- Forty-four percent (44%) of owners spent more than 30% of their income for housing. Increased energy efficiency will lower household energy costs, thereby making the housing unit more affordable.

Acquisition of Existing Units

Use funds to acquire housing units for rehabilitation and resale as affordable owner-occupied housing.

- The percentage of owner-occupied units has fallen from nearly 62% in 2000 to about 56% in 2008. The increase in housing foreclosures since 2005 has increased the number of vacant and sometimes blighted units in Duluth.
- The significant increase of single family housing rental units, especially student rentals, has increased the demand for affordable single family housing units and has limited the supply for low income families seeking to buy affordable homes.

- Households making 50% or less of the area median income (less than approximately \$30,000 per year) continue to struggle with housing costs and must pay more than 30% of their income for housing.
- Forty-four percent (44%) of owners spent more than 30% of their income for housing.
- The median home sale price has increased 12.4% in the past five years.
- Duluth's average annual wage, which has only increased 10.7% in the past five years, is not keeping up with housing costs.

Use of funds to acquire and demolish substandard housing that is not financially or structurally feasible to rehabilitate.

- The majority of the Duluth housing stock is old: 66% of the housing is 50 years or older and only 5.7% has been built in the last ten years, five units lack plumbing facilities, 317 units lack complete kitchens, and 285 units are condemned for habitation or demolition.

Specific Housing Objectives (91.215 (b))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified time period.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Strategic Plan Specific Housing Objectives response:

For specific housing objectives see Table 2C.

We expect the following resources will be available to address housing needs.

Rental Housing Development:

Low-income housing tax credits, Minnesota Housing Finance Agency (MHFA), foundation grants, and private contributions.

Homebuyer Assistance:

State of Minnesota FAIM program matched savings, HRA's Section 8 voucher homeownership program, and MHFA downpayment assistance.

Housing Rehab:

MHFA, HUD Lead-Based Paint grant program, private loans and owner matching funds.

Energy Efficiency:

State of Minnesota Office of Energy Security, City of Duluth Comfort Systems, Minnesota Power, foundations, and owner matching funds.

Acquisition / Demolition:

Duluth Economic Development Authority, City of Duluth fire insurance escrow, and proceeds from the sale of cleared sites to adjacent owners or to affordable housing developers.

Acquisition / Rehab / Resale:

Neighborhood Stabilization Program (NSP), Greater Minnesota Housing Fund, MHFA, bank financing of interim construction loans, and proceeds from the sale of the homes.

Special Needs Housing Development:

Low-income Housing Tax credits, housing bonds, MHFA, HUD special population and homeless programs, foundations, developer equity, and private contributions.

Tenant-Based Rental Assistance:

HUD McKinney programs and in-kind contributions from the TBRA administrator.

Needs of Public Housing (91.210 (b))

In cooperation with the public housing agency or agencies located within its boundaries, describe the needs of public housing, including the number of public housing units in the jurisdiction, the physical condition of such units, the restoration and revitalization needs of public housing projects within the jurisdiction, and other factors, including the number of families on public housing and tenant-based waiting lists and results from the Section 504 needs assessment of public housing projects located within its boundaries (i.e. assessment of needs of tenants and applicants on waiting list for accessible units as required by 24 CFR 8.25). The public housing agency and jurisdiction can use the optional Priority Public Housing Needs Table (formerly Table 4) of the Consolidated Plan to identify priority public housing needs to assist in this process.

3-5 Year Strategic Plan Needs of Public Housing response:

The Housing and Redevelopment Authority, Duluth, Minnesota (HRA) was created by state-enabling legislation and approval of the City of Duluth in 1948. The HRA is governed by a seven-member Board of Commissioners, one of which must be a Tenant Commissioner. Commissioner terms of office are staggered five-year terms. All Commissioners are appointed by the Mayor of Duluth with the approval of the City Council.

Currently, the Duluth HRA owns and manages 1,131 units, including six high-rise housing developments (TriTowers, Grandview Manor, King Manor, Ramsey Manor, Midtowne Manor I, and Midtowne Manor II) as well as scattered site

properties located throughout the city. These older units are in need of various upgrades. The HRA also owns public housing units located within its three HOPE VI mixed income developments (Harbor Highlands (Phases I, II, and III), Village Place, and The Village at Matterhorn). As recent new construction, these units are in excellent condition.

The HRA also provides HUD funded rental assistance to 1,466 participating households under the Section 8 Housing Choice Voucher program. Participants select privately-owned housing in the jurisdiction that meets the program's payment standards, housing quality standards, and other eligibility factors.

Currently, there are 123 households on the waiting list for public housing units, and 862 households on the list for the Section 8 Housing Voucher Choice program. The Section 8 list is increasing at the rate of approximately ten per day at this time.

The HRA completed a HUD required Section 504 needs assessment several years ago as required by 24 CFR 8.25 and is in compliance, having a sufficient number of handicapped accessible units within its public housing inventory to meet the needs of existing residents and eligible applicants on its waiting list.

Public Housing Strategy (91.210)

1. Describe the public housing agency's strategy to serve the needs of extremely low-income, low-income, and moderate-income families residing in the jurisdiction served by the public housing agency (including families on the public housing and section 8 tenant-based waiting list), the public housing agency's strategy for addressing the revitalization and restoration needs of public housing projects within the jurisdiction and improving the management and operation of such public housing, and the public housing agency's strategy for improving the living environment of extremely low-income, low-income, and moderate families residing in public housing.
2. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake to encourage public housing residents to become more involved in management and participate in homeownership. (NAHA Sec. 105 (g))
3. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation. (NAHA Sec. 105 (g))

Response:

The Duluth HRA is a separate entity from the City of Duluth and is responsible for its own hiring, contracting and procurement. The City provides some funding support for the HRA through the approval of an annual HRA tax levy which is used to further support various programs and initiatives of the HRA, including some operational support for the HRA's public housing program, especially when HUD appropriations do not reflect 100% of eligibility. The HRA, as an entity operating both the public housing and Section 8 Housing Choice Voucher Certificate programs, is also required by HUD to prepare and submit an annual Agency Plan as well as a periodic five-year Plan to HUD, and the HRA is further required by HUD to submit these Plans to the City of Duluth for its review and completion of a certification of consistency with the City's Consolidated Plan. This HRA Agency Plan submission includes the HRA's planned capital improvements to its public housing properties for the upcoming year as well as five years out. The Plan also includes any proposed public housing development, and any planned demolition or disposition of public housing.

The HRA has no plans to demolish any public housing units or properties. However, disposition of land at the HOPE VI Harbor Highlands revitalization site, through a Ground Lease with our development partner, The Communities Group, will be undertaken in conjunction with Harbor Highlands Phase IV construction of an additional 38 mixed-income rental units (20 of which will be public housing). Construction is expected to commence by late 2009 or early 2010. The HRA also expects to produce one additional scattered site property in 2010, through the acquisition development method.

The agency is also currently undertaking many capital improvements of its public housing properties, including elevator upgrades, boiler upgrades, energy-related improvements, re-siding and roofing, and other upgrades of unit interiors, applicable common spaces, and property exteriors at both its high rises and scattered site properties.

In the past, CDBG funds were awarded to the Duluth HRA to assist in building the infrastructure at Harbor Highlands, site of HOPE VI project redevelopment of dilapidated public housing units. Should the HRA undertake similar redevelopment in the future, the City will encourage and support applications for available funding.

Also as part of the HOPE VI project, CDBG funds were used for downpayment and closing costs as match for public housing resident's IDA savings accounts. The City continues to support programs for income eligible homebuyers, a number of participants of which are public housing residents. The City supports the HRA's Family Self-Sufficiency and Section 8 voucher homeownership programs, and is satisfied that residents have access to homeownership opportunities.

For a number of years, the City has awarded HOME funds to the HRA for tenant-based rental assistance. This program provides housing vouchers for homeless families and individuals that would otherwise be on the Section 8 waiting list. It allows households that do not currently qualify for HRA's programs to receive a rental voucher, and then work to address their ineligibility issues, such as past unpaid rent or a too recent criminal conviction. The City intends to continue to set aside HOME funding for tenant-based rental assistance in this Consolidated Plan.

In addition to a Tenant representative on the Board of Commissioners, an active Resident Advisory Board reviews and provides input into the HRA's Agency Plan and capital improvement plans. The membership includes the Presidents of the Resident Clubs from each of the six high-rise buildings. These Clubs have regular meetings that serve as venue to talk about HRA policies and procedures. The City is satisfied that residents have meaningful input into the management of public housing.

The HRA is a High Performer under HUD's Public Housing Assessment System (PHAS), which grades the HRA on management operations, physical conditions, customer service, and financial condition. The HRA will endeavor to retain its High Performer status in 2010.

Barriers to Affordable Housing (91.210 (e) and 91.215 (f))

1. Explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the local jurisdiction. Such policies include tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.
2. Describe the strategy to remove or ameliorate negative effects of public policies that serve as barriers to affordable housing, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this part, as determined by HUD, the unit of general local government may submit that assessment to HUD and it shall be considered to have complied with this requirement.

3-5 Year Strategic Plan Barriers to Affordable Housing response:

The following barriers to affordable housing were identified:

- Potential reduction in 203(B) value limits that will not reflect Duluth market values

- Lack of funding to demolish condemned buildings, allowing blight to persist in low-income neighborhoods.
- Outdated demolition code that fails to require removal of foundation and all debris, adding to the cost of rebuilding.
- The City requires assessments placed on resulting vacant lots be paid by any new owner, rendering otherwise buildable infill sites financially infeasible for redevelopment.
- “One-for-one” replacement requirement when structures are demolished on 25 front foot unbuildable lots.
- Outdated zoning regulations and land use restrictions that limit affordable housing alternatives, restrict the development of new affordable housing in lower density neighborhoods, and severely restrict land for multi-family development.
- EPA Consent Decree requiring homeowners to repair or replace lateral sewer lines, creating a financial burden on L/MI households.
- Sewer utility fees and other utility hook-up fees increase the cost of construction of affordable single-family homes.
- Limited funding for rehabilitation of aging housing stock occupied by L/MI households, which leads to higher maintenance costs, and the lack of coordination between resources may be confusing to owners.
- Lack of resources to fill affordability and value gaps needed to allow L/MI households to purchase homes.
- Increasing numbers of foreclosed and vacant properties impacting L/MI neighborhoods.
- Existing housing that needs substantial repair and updating of systems.
- High number of rental units with unaddressed lead-paint hazards.
- High energy costs for L/MI households living in older housing stock that is energy inefficient.
- Increased screening of tenants by private landlords and Public Housing program requirements that prevent L/MI households with poor rental histories or criminal backgrounds from securing adequate housing.

The following strategies will be implemented over the next five years to address affordable housing barriers:

- Co-locating permitting and planning services within City Hall to streamline the housing development process by forming a “One Stop Shop.”
- Adoption of a new zoning code to implement the Comprehensive Plan will provide more affordable housing options, for example, mixed use, that lead to more investment.
- Provide funding to assist in the repair or replacement of lateral sewer and water lines by L/MI homeowners.
- Support selected demolition of blighted properties in L/MI neighborhoods. If directly funded through Community Development, demolition requirements will include leaving a “clean” site for redevelopment.

- Provide funding for affordability and value gaps for L/MH homebuyers.
- Increase per unit rehab funding to address all needed repairs and updates, including code, energy efficiency, major systems, sewer and water lines.
- Implement new gate keeper approach to housing rehab programs, for better user service, coordination of available assistance, and increase efficient operation of housing agencies.
- Apply for HUD lead-based paint funds for rehab of rental units, targeted to tenant-based rental assistance and housing voucher programs.
- Implement acquisition/rehab/resale programs to address vacant foreclosed properties in L/MH neighborhoods.
- Conduct a housing market survey to determine the actual median value of homes in Duluth.
- Require rehab programs that receive City funding to increase energy efficiency in existing homes by 10%, and require funded new construction to meet Energy Star standards.
- Provide funding for tenant-based rental assistance to help the “hard-to-house” population secure adequate housing.
- Modify Special Assessment policies to eliminate the “re-instatement” of special assessments on tax forfeit lots that have the potential for redevelopment.

HOMELESS

Homeless Needs (91.205 (b) and 91.215 (c))

*Please also refer to the Homeless Needs Table in the Needs.xls workbook

Homeless Needs— The jurisdiction must provide a concise summary of the nature and extent of homelessness in the jurisdiction, (including rural homelessness and chronic homelessness where applicable), addressing separately the need for facilities and services for homeless persons and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with Table 1A. The summary must include the characteristics and needs of low-income individuals and children, (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered. In addition, to the extent information is available, the plan must include a description of the nature and extent of homelessness by racial and ethnic group. A quantitative analysis is not required. If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the estimates.

3-5 Year Strategic Plan Homeless Needs response:

The St. Louis County Continuum of Care, which includes the City of Duluth, conducts a Point-in-Time sheltered and unsheltered count of homeless persons every year. The last Point-in-Time count was conducted in January 2009. St. Louis County, as the lead entity for the Continuum of Care, coordinated the survey with assistance from county service providers for the homeless, in Duluth and in Northern St. Louis County. The survey found that on any given day in St. Louis County there are approximately 492 homeless persons either being assisted or needing assistance (Table 1A). Of the people counted in January 2009, there were 89 families assisted—28 in emergency shelter and 61 in transitional housing facilities; 4 families were identified as unsheltered. There were 117 homeless individuals assisted—69 residing in an emergency shelters and 48 in transitional housing facilities. Alarming, there were 133 individual adults and unaccompanied youth identified as unsheltered (Table 1A).

Traditionally the City of Duluth; the largest city within St. Louis County, serves approximately 60% to 70% of individuals, families and youth who are homeless.

Homeless facilities in Duluth, through prevention assistance and housing the homeless strive to provide a high level of housing and services that help all populations of homeless--individuals, families, youth, women, experiencing domestic violence, veterans, those with alcohol or drug addictions, those with mental illness and those identified as chronically homeless—achieve housing stability and the ability to live independently .

Homeless facilities in Duluth include the American Indian Community Housing Organization (AICHO)—providing both emergency shelter and transitional housing beds for Native American women and their children, The Salvation Army—providing transitional housing units for families, Women's Community Development Organization (WCDO)—providing transitional and permanent supportive housing units for individual women and women with children, Life House—providing transitional housing units for teens, Lutheran Social Services providing transitional housing and emergency shelter beds for teens and youth, Churches United in Ministry (CHUM)—providing emergency family shelter units and congregate emergency shelter beds for individuals, Minnesota Assistance Council for Veterans—providing transitional housing units for veterans, Safe Haven Shelter—providing emergency shelter beds for battered women and their children, the YWCA—providing permanent housing for homeless teen girls with children, the Human Development Center—providing transitional and permanent supportive housing units for people with mental illness and the Housing and Redevelopment Authority of Duluth—providing permanent housing for individuals and families through the Tenant Based Rental Assistance Program.

The City of Duluth, through the CDBG and ESGP programs, fund the majority of the homeless facilities listed above, which provides general information about the

racial and ethnicity of homeless persons in Duluth. Based on reports submitted to the City of Duluth Community Development office, a total of 2,196 persons were served in emergency shelter and transitional housing facilities. Reports show that a disproportionate number of those were minorities (29% black and 22% Native American). Only 1.5% reported Spanish ethnicity.

Continuum of Care (CoC) Point-in-Time Homeless Population

Households with Dependent Children	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Number of Households	28	61	4	93
Number of Persons (Adults and Children)	60	167	15	242

Households Without Dependent Children	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Number of Households	37	38	117	192
Number of Persons (Adults and Unaccompanied Youth)	69	48	133	250

All Households/All Persons	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Total Households	65	99	122	286
Total Persons	129	215	148	492

Subpopulation	Sheltered	Unsheltered	Total
Chronically Homeless (federal definition)	59	54	87
Severely Mentally Ill	59	61	120
Chronic Substance Abuse	5	53	112
Veterans	1	8	13
Persons with HIV/AIDS	93	2	3
Victims of Domestic Violence	93	19	112
Unaccompanied Youth (under 18)	24	10	34

Priority Homeless Needs

1. Using the results of the Continuum of Care planning process, identify the jurisdiction's homeless and homeless prevention priorities specified in Table 1A, the Homeless and Special Needs Populations Chart. The description of the jurisdiction's choice of priority needs and allocation priorities must be based on reliable data meeting HUD standards and should reflect the required consultation with homeless assistance providers, homeless persons, and other concerned citizens regarding the needs of homeless families with children and individuals. The jurisdiction must provide an analysis of how the needs of each category of residents provided the basis for determining the relative priority of each priority homeless need category. A separate brief

narrative should be directed to addressing gaps in services and housing for the sheltered and unsheltered chronic homeless.

2. A community should give a high priority to chronically homeless persons, where the jurisdiction identifies sheltered and unsheltered chronic homeless

persons in its Homeless Needs Table - Homeless Populations and Subpopulations.

3-5 Year Strategic Plan Priority Homeless Needs response:

St. Louis County (SLC) Health and Human Services Department is the lead entity and the applicant for the Continuum of Care (CoC). However, the City of Duluth has long partnered with SLC in developing a network of human service organizations, public agencies and non-profit providers to address issues of homelessness. In 2007, *Heading Home St. Louis County, a Ten-Year Plan to End Homelessness* was drafted, approved by the SLC Board and the Duluth City Council, and has been incorporated into the Consolidated Plan, and works as a guide for the City and County in addressing the needs of the homeless. Under the Ten-Year Plan, the City, the County, a network of service providers, the Affordable Housing Coalition (Duluth), the Rural Housing Coalition (Northern St. Louis County) and the St. Louis County (SLC) Planning Department, the Ten-Year Plan Implementation Team and the Committee to End Homelessness, work to coordinate the provision of housing and services for homeless individuals, families and youth in Duluth and throughout St. Louis County. The goal of the SLC CoC, through a countywide perspective and distribution of resources, is to help homeless people achieve self-sufficiency and stability in permanent housing. *Heading Home St. Louis County, A Ten-Year Plan to End Homelessness* and the County's *Continuum of Care Plan* are based on the understanding that homelessness is not caused merely by lack of shelter, but rather involves a variety of underlying, unmet physical, economic and/or social needs. Supportive services provided for the homeless are designed to meet those needs. Support services include mental health treatment, drug and alcohol treatment, employment training, family support, life skills training, and providing for basic needs such as food and clothing. The overarching goals and priorities of the SLC *Ten-Year Plan to End Homelessness* include:

- Prevent new occurrences of homelessness
- Shorten the length of homelessness and rapidly re-house people in the most permanent arrangement
- Expand access points to housing and services
- Increase supports needed to maintain housing

Table 1A
Homeless and Special Needs Populations

Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/ Gap
Individuals				
Example	Emergency Shelter	100	40	26
Beds	Emergency Shelter	90	0	10
	Transitional Housing	28	5	15
	Permanent Supportive Housing	289	11	25
	Total	407	16	50
Persons in Families With Children				
Beds	Emergency Shelter	46	0	4
	Transitional Housing	164	0	20
	Permanent Supportive Housing	40	90	25
	Total	250	90	49

Continuum of Care: Homeless Population and Subpopulations Chart

Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Number of Families with Children (Family Households):	28	61	4	93
1. Number of Persons in Families with Children	60	167	15	242
2. Number of Single Individuals and Persons in Households without children	69	48	133	250
(Add Lines Numbered 1 & 2 Total Persons)	129	215	148	492
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
a. Chronically Homeless	33			
b. Seriously Mentally Ill	59			
c. Chronic Substance Abuse	59			
d. Veterans	5			
e. Persons with HIV/AIDS	1			
f. Victims of Domestic Violence	93			
g. Unaccompanied Youth (Under 18)	24			

Homeless Inventory (91.210 (c))

The jurisdiction shall provide a concise summary of the existing facilities and services (including a brief inventory) that assist homeless persons and families with children and subpopulations identified in Table 1A. These include outreach and assessment, emergency shelters and services, transitional housing, permanent supportive housing, access to permanent housing, and activities to prevent low-income individuals and families with children (especially extremely low-income) from becoming homeless. The jurisdiction can use the optional Continuum of Care Housing Activity Chart and Service Activity Chart to meet this requirement.

3-5 Year Strategic Plan Homeless Inventory response:

The homeless facilities tables below identify the number of existing emergency shelter, transitional and permanent supportive beds available for homeless singles, youth and families in Duluth. There are six emergency shelter providers, seven transitional housing providers and five permanent supportive housing providers.

The City of Duluth, through CDBG and ESGP, funds most of the homeless facilities in Duluth, and includes those operated by Churches United in Ministry (CHUM), Safe Haven, the American Indian Community Housing Organization (AICHO), The Salvation Army and Women's Community Development Organization (WCDO). The emergency shelters, transitional housing facilities and supportive housing all provide an array of support services aimed at helping the homeless address housing barriers and obtain housing stability. Services may include assessment and individualized service planning, case management, assistance with accessing benefits, housing, health care and mental health referral, job skills and life skills development, support thorough treatment and recovery, budgeting, financial counseling and direct financial assistance, advocacy, child care, transportation, cultural awareness and aid with family reunification and relationship support.

Homeless Facilities in Duluth

Emergency Shelter Facilities	Beds			Total
	Family	Individual	Teen	
Churches United in Ministry	16	44		60
Loaves and Fishes	6	8		14
Union Gospel Mission		2		2
Bethany Crisis Shelter		12		12
Safe Haven Shelter	20	18		38
American Indian Comm. Hsg.	4	6		10
Total Emergency Shelter Beds	46	90	0	136

Transitional Housing Facilities	Family	Individual	Teen	Total
Lutheran Social Services			6	6
Loaves and Fishes		3		3
Salvation Army	52			52
American Indian Comm. Hsg.	28			28
Veteran's Outreach North		10		10
Women's Community Dev. Org.	84	5		89
St. Louis Cty. Adult Foster Care		10		10
Total Transitional Housing Beds	164	28	6	198

Permanent Supportive Housing	Family	Individual	Teen	Total
Center City Housing		196		196
Women's Community Dev. Org.	26			26
Union Gospel Mission		12		12
YWCA Young Mothers	14			14
Human Development Center		81		81
Total Supportive Housing Beds	40	289	0	329

Homeless Strategic Plan (91.215 (c))

1. Homelessness— Describe the jurisdiction's strategy for developing a system to address homelessness and the priority needs of homeless persons and families (including the subpopulations identified in the needs section). The jurisdiction's strategy must consider the housing and supportive services needed in each stage of the process which includes preventing homelessness, outreach/assessment, emergency shelters and services, transitional housing, and helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living. The jurisdiction must also describe its strategy for helping

extremely low- and low-income individuals and families who are at imminent risk of becoming homeless.

2. Chronic homelessness—Describe the jurisdiction’s strategy for eliminating chronic homelessness by 2012. This should include the strategy for helping homeless persons make the transition to permanent housing and independent living. This strategy should, to the maximum extent feasible, be coordinated with the strategy presented Exhibit 1 of the Continuum of Care (CoC) application and any other strategy or plan to eliminate chronic homelessness. Also describe, in a narrative, relationships and efforts to coordinate the Conplan, CoC, and any other strategy or plan to address chronic homelessness.
3. Homelessness Prevention—Describe the jurisdiction’s strategy to help prevent homelessness for individuals and families with children who are at imminent risk of becoming homeless.
4. Institutional Structure—Briefly describe the institutional structure, including private industry, non-profit organizations, and public institutions, through which the jurisdiction will carry out its homelessness strategy.
5. Discharge Coordination Policy—Every jurisdiction receiving McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG), Supportive Housing, Shelter Plus Care, or Section 8 SRO Program funds must develop and implement a Discharge Coordination Policy, to the maximum extent practicable. Such a policy should include “policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.” The jurisdiction should describe its planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how the community will move toward such a policy.

3-5 Year Homeless Strategic Plan response:

St. Louis County (SLC) oversees the coordination of the *Continuum of Care and Heading Home St. Louis County, A Ten-Year Plan to End Homelessness*. The City of Duluth works closely with the County in conjunction with the *Continuum of Care*. St. Louis County was also a recipient of Homeless Prevention and Rapid Re-housing (HPRP) funds. Further, St. Louis County receives Family Homeless Prevention and Assistance Program (FHPAP) funds from the State of Minnesota, and in 2009 received Homeless Prevention and Assistance Program funds from HUD. The City of Duluth, the largest city within St. Louis County, also received HPRP funding. St. Louis County and the City of Duluth held a joint RFP process for the HPRP funding that was tailored to the FHPAP RFP process which was held a few months prior. In addition, City and County staff held a joint technical

assistance session for prospective applicants. Because of the similarities of the two programs (FHPAP and HPRP), homeless service providers within St. Louis County were encouraged to apply to both funding sources to expand the number of homeless persons each agency could assist with rapid re-housing or prevention. Both the City and County submitted HPRP applications to the Committee to End Homelessness (CEH), the advisory committee for the CoC, for review and scoring. CEH comments and scoring recommendations were forwarded on the City's Community Development Committee, who held a Public Comment Period before recommending funding and authorization of contracts to the Duluth City Council. All but two of the homeless service providers funded under the HPRP program also receive CoC funding.

With the expansion of prevention and rapid re-housing services in Duluth and St. Louis County, case managers have begun meeting to coordinate and discuss ways to better serve homeless individuals, families and youth in the region. In addition, case managers and homeless services providers are working with Duluth and St. Louis County staff to enhance the *Continuum of Care* process as described in the County's *Ten-Year Plan to End Homelessness*. More specifically, a common intake and assessment form and process are being developed that all Duluth and St. Louis County HPRP and FHPAP providers will use. The goal will be to expand the use of the standardized intake and assessment process to CoC providers and ESGP providers. In addition, City and County planning staff have agreed to meet monthly to establish other common procedures described in the *Ten-Year Plan* that will provide greater coordination between the CoC, the FHPAP, CDBG and ESG in regard to housing and services for the homeless.

Priority Need: Outreach and Needs Assessment of Homeless Persons

Homeless people are most often first identified through the agencies in Duluth that provide basic needs such as food, clothing and shelter, or through referral by social service agencies, law enforcement personnel, medical facilities, churches or through the 211 referral services operated by the United Way of Greater Duluth. In Duluth, the CHUM Drop-In Center and Emergency Shelter, a shelter for homeless individual adults and families, provides very-low income and homeless people with access to food, clothing, shower facilities, and other amenities. The shelter is staffed with medical, mental health and social service professionals that help homeless persons assess their individual needs and receive the assistance or referral needed to obtain and maintain stable housing. Life House Youth Center in Duluth provides similar outreach, assessment and access to basic needs to teens that are homeless or at risk of becoming homeless. The Salvation Army and the Damiano Center in Duluth each provide outreach, referral and case management services for homeless persons who are accessing their soup kitchens and emergency food shelf facilities. The City of Duluth, through the CDBG and ESG programs, funds each of these agencies.

Priority Need: Preventing Homelessness

Preventing homelessness is an important component of the *SLC Ten-Year Plan to End Homelessness*. Efforts to help low-income people avoid becoming homeless in Duluth are carried out, in part, through the Minnesota Housing Finance Agency's Family Homeless Prevention and Assistance Program (FHPAP). SLC oversees the FHPAP program, where prevention service providers in Duluth can access flexible funds to assist households at risk of homelessness with utility payments, car repairs so they can continue to work, rent deposits and other expenses that act as barriers for people in obtaining and maintaining housing. FHPAP also funds Legal Aid services to help low-income households in Duluth prevent evictions and prevent other disputes with landlords that may lead to homelessness.

St. Louis County Social Services in Duluth is the source for people to access other assistance that may help prevent homelessness, such as emergency assistance funds (TANF), Minnesota Children's Health Plan, Food Support (food stamps) and Medicaid. All service providers for the homeless in Duluth have applications for social service support on site, assist applicants in completing the forms and provide transportation to appointments to expedite the eligibility determination process.

The City of Duluth further supports prevention activities through the Community Development Block Grant Program (CDBG). The Damiano Center's Housing Access Program (HAP) is funded through CDBG; they provide tenant/landlord mediation to help resolve issues of conflict before it leads to eviction or court action, advocacy and education relating to the rights and responsibilities under the Tenant/Landlord Act and the Fair Housing Act. The transitional housing programs in Duluth--Women's Community Development Organization, Salvation Army Family Transitional Housing, the American Indian Community Housing Organization, Life House and Lutheran Social Services teen transitional housing programs--provide follow-up case management services to program participants who have transitioned to permanent housing and stabilization, which helps to prevent recurring episodes of homelessness. Maintaining contact and providing assistance, if necessary, after being housed and stabilized often helps to prevent recurring episodes of homelessness.

More recently, in 2008, the City of Duluth and SLC received Homeless Prevention and Rapid Re-housing (HPRP) funding that will provide additional resources for homeless service providers over the next two years. HPRP funding will provide for the expansion of prevention and rapid re-housing services in Duluth and St. Louis County.

Priority Need: Chronic Homeless

Under the *Continuum of Care Plan* and the *SLC Ten-Year Plan to End Homelessness*, ending chronic homelessness is a priority. The CoC goal for the next 12 months is to add an additional seven beds for chronically homeless

individuals and families in the City of Duluth, and an additional 15 units in the next five years. In 2010, the City of Duluth will target HOME funding for a homeless veterans' housing project that will include four units for chronically homeless veterans as well as permanent supportive and transitional units. HOME funds are also being used to rehab an apartment building that will create 29 new family units for homeless American Indians; three of those units are targeted for chronically homeless persons and the rest will be permanent supportive housing units. HOME funds are also used to support Tenant Based Rental Assistance (TBRA) targeted at housing for homeless individuals—many of which are chronically homeless and cannot obtain housing through any other sources.

Priority Need: Emergency Shelter and Transitional Housing for the Homeless

In Duluth, the emergency shelters and transitional housing facilities are an important link in the continuum of care for homeless individuals and families. Often the first source people contact when they become homeless, they help people address barriers that caused them to become homeless and assist them in obtaining and maintaining permanent housing arrangements. Currently, emergency facilities in Duluth, almost all of which are supported through the CDBG and ESGP programs, include Churches United in Ministry (CHUM), a congregate emergency shelter for homeless adults (44 beds) and a family shelter (four units); Safe Haven Shelter, a 39-bed facility for battered women and their children; and the American Indian Community Housing Organization (AICHO), a 10-unit shelter facility for battered women and their children who are Native American. Transitional housing facilities include The Salvation Army, 52 units for families; Women's Community Development Organization, 21 units for single women and women with children; AICHO, five units for Native American Women; and Lutheran Social Services, six units for homeless teens.

Priority Need: Permanent Supportive Housing

Permanent supportive housing is an important component in the City's continuum of care for the homeless because for many of the individuals and families assisted annually by homeless providers, the barriers that prevent them from maintaining stable housing are often associated with mental illness, drug and alcohol use and other disabilities. Permanent supportive housing provides the structure and support that counteracts the disruptions of both homelessness and disability. Through the City's HOME program, supportive housing units have been created—San Marco Apartments (Center City Housing), Alicia's Place and Shelia's Place (Women's Community Development Organization) and the Bridges Program (the Human Development Center). Additional units currently being developed should be completed during the 2010 program year. However, service providers have identified the need for additional supportive housing units in the City of Duluth.

A key component of supportive housing programming and other permanent housing placement for homeless individuals, families and teens is providing additional contact, follow-up and, when necessary, additional support services to help the formerly homeless maintain the housing stability they have achieved.

Priority Need: Follow-up Case Management

Obtaining and maintaining permanent housing stability is the goal of most all of the people who experience homelessness, as well as the homeless service providers that assist them. Upon entry into emergency shelters, transitional housing facilities or other programs for the homeless, a referral is made to the local Housing and Redevelopment Authority (in Duluth or Virginia) to determine eligibility for subsidized housing. In all cases, emergency and transitional housing providers assist program participants in finding housing and addressing issues that prevent stability and self-sufficiency. Providers will work with the local Housing Authority or other landlords and will continue to provide follow-up case management services throughout the transition period.

Priority Need: Discharge Planning

One of the goals outlined in the *SLC Ten-Year Plan to End Homelessness* was to establish uniform discharge protocols and procedures that prevent people who are being released from county institutions from being discharged into homelessness.

In January 2008, the Adult Protocol Business Plan was developed, which included transition process steps, based on an evidence-based model called Critical Time Intervention, a standardized assessment utilized by all discharging entities upon client admission to identify those at risk of homelessness, specific services to be offered to all clients and additional services offered to at-risk clients. The Discharge Plan also outlines collaborative partner roles and responsibilities, including coordination, information sharing, staffing patterns for institutional-based and community-based staff, and pre-service training. Under the *Ten-Year Plan to End Homelessness*, additional protocols and procedures will be established around the discharge of youth from foster care.

Table 1C
Summary of Specific Housing/Community Development Objectives
(Table 1A/1B Continuation Sheet)

Obj #	Specific Objectives	Sources of Funds	Performance Indicators	Expected Number	Actual Number	Outcome/Objective *
	Homeless Objectives					
25	Recruit landlords to participate in eviction prevention activities.	CDBG	Persons	50		SL-1
26	Support the operation of emergency shelter facilities that help the homeless get rapidly re-housed.	CDBG ESG	Persons	3,000		DH-1
27	Support the operation of transitional housing facilities that help homeless maintain housing stability.	CDBG ESG	Persons	800		DH-1
28	Support permanent supportive housing that helps the homeless increase their housing stability.	CDBG	Units	200		DH-1
29	Create permanent supportive units for chronically homeless singles & families.	HOME	Units	12		DH-1
30	Create additional permanent supportive units for singles and families (MACV-AICHO)	HOME	Persons	75		DH-1
31	Create an emergency shelter facility for homeless youth	CDBG	Facilities	1		SL-3
	Special Needs Objectives					
32	Acquire and rehab units for persons with special needs for supportive housing	HOME	Housing Units	20		DH-1
	Other Objectives					

***Outcome/Objective Codes**

	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

3-5 Year Strategic Plan ESG response:

The City of Duluth is not a recipient of State Emergency Shelter Grant funds.

COMMUNITY DEVELOPMENT

Community Development (91.215 (e))

*Please also refer to the Community Development Table in the Needs.xls workbook

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), – i.e., public facilities, public improvements, public services and economic development.
2. Describe the basis for assigning the priority given to each category of priority needs.
3. Identify any obstacles to meeting underserved needs.
4. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

NOTE: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction.

3-5 Year Strategic Plan Community Development response:

Table 2B
Priority Community Development Needs

Priority Need	Priority Need Level	Dollars to Address Need	5 Yr Goal Plan/Act
Acquisition of Real Property	M	4,000,000	
Disposition	M	-	
Clearance and Demolition	M	1,200,000	
Clearance of Contaminated Sites	M	3,500,000	
Code Enforcement	L	-	
Public Facility (General)	M	785,000	
Senior Centers	L	-	
Handicapped Centers	L	-	
Homeless Facilities	H	1,800,000	1 facility
Youth Centers	M	425,000	
Neighborhood Facilities	H	11,500,000	6 facilities
Child Care Centers	M	1,750,000	
Health Facilities	M	550,000	
Mental Health Facilities	M	3,825,000	
Parks and/or Recreation Facilities	M	8,550,000	
Parking Facilities	M	575,000	
Tree Planting	L	-	
Fire Stations/Equipment	L	-	
Abused/Neglected Children Facilities	M	3,250,000	
Asbestos Removal	L	-	
Non-Residential Historic Preservation	M	15,700,000	
Other Public Facility Needs	L	-	
Infrastructure (General)	L	-	
Water/Sewer Improvements	M	64,500,000	
Street Improvements	H	42,000,000	200 households
Sidewalks	H	12,350,000	110 facilities
Solid Waste Disposal Improvements	L	-	
Flood Drainage Improvements	L	-	
Other Infrastructure	L	-	
Public Services (General)	H	7,500,000	43,000 people
Senior Services	L	-	
Handicapped Services	L	-	
Legal Services	L	-	
Youth Services	H	3,500,000	4,000 people
Child Care Services	M	3,750,000	
Transportation Services	H	1,750,000	100 people
Substance Abuse Services	L	-	
Employment/Training Services	M	11,420,000	
Health Services	H	3,500,000	12,000 people
Lead Hazard Screening	M	1,300,000	
Crime Awareness	H	1,270,000	20,000 people
Fair Housing Activities	M	800,000	
Subsistence Payments	H	3,475,500	875 people

Tenant Landlord Counseling	H	1,775,000	1,250 people
Other Services – Transitional Housing	H	2,350,000	900 people
Economic Development (General)	M	1,200,000	
C/I Land Acquisition/Disposition	M	3,450,000	
C/I Infrastructure Development	L	-	
C/I Building Acq/Const/Rehab	L	-	
Other C/I	L	-	
ED Assistance to For-Profit	H	7,500,000	200 jobs
ED Technical Assistance	L	-	
Micro-enterprise Assistance	H	7,300,000	40 businesses
Other	L	-	

Table 2C
Summary of Specific Housing/Community Development Objectives
(Table 2A/2B Continuation Sheet)

Obj #	Specific Objectives	Sources of Funds	Performance Indicators	Expected Number	Actual Number	Outcome/Objective*
	Rental Housing					
1	Assist families to secure affordable rental housing	HOME	Housing Units	50		DH-2
2	Improve energy efficiency of multi-family units	CDBG	Housing Units	50		DH-2
3	Provide Tenant Based Rental Assistance to homeless individuals	HOME	Households	50		DH-2
4	Rehab multi-family units to be compliant with Duluth Housing Code	CDBG	Housing Units	250		DH-2
	Owner Housing					
5	Assist families to secure affordable homeownership	HOME/CDBG	Housing Units/Households	70		DH-1
6	Improve energy efficiency of single family units	CDBG/OES	Housing Units	500		DH-2
7	Address vacant, substandard properties that may or may not be suitable for rehab	CDBG/NSP/DEDA	Housing Units	60		DH-1
8	Rehab single family units to be compliant with Duluth Housing Code	CDBG	Housing Units	350		DH-2
	Community Development					
	Infrastructure					
9	Assist LMI Homeowners with assessments for street improvements	CDBG	Households	200		DH-2
10	Improve sidewalk surfaces to be accessible with mid-block and corner pedestrian ramps	CDBG	Facilities	110		SL-1

	Public Facilities					
11	Assist persons with emergency payments to avoid utility shut-offs	CDBG	People	875		DH-1
12	Provide improvements to Neighborhood facilities for accessibility and delivery of vital services	CDBG	Facilities	6		SL-3
	Public Services					
13	Support programs that fulfill basic needs for persons who are homeless or in poverty – food, clothing, shelter	CDBG	People	43,000		SL-1
14	Provide transitional housing and services for persons who are homeless to become stabilized	CDBG/ESG	People	900		DH-1
15	Provide shelter and services for battered and abused spouses to leave the violence and become stabilized	CDBG/ESG	People	2000		DH-1
16	Promote crime awareness and prevention programs in Target Area neighborhoods	CDBG	People	20,000		SL-3
17	Support programs that provide transportation assistance through passes or access to vehicles for employment	CDBG	People	100		EO-1
18	Support provision of primary health and dental care for uninsured or underinsured in community	CDBG	People	12,000		SL-1
19	Provide tenant/landlord mediation services to avoid or prevent evictions	CDBG	People	1,250		DH-1
20	Support summer and after school youth development programs that provide positive role models and learning skills	CDBG	People	4,000		SL-1
21	Support programs that help abused and neglected youth who are at risk of being homeless to become stabilized	CDBG	People	3,600		SL-1
	Economic Development					
22	Invest in skill training of Duluth at Work participants to fill jobs for local businesses	CDBG	Jobs	200		EO-1
23	Provide training and technical assistance to businesses to increase assets and create jobs	CDBG	Businesses	40		EO-1
	Neighborhood Revitalization/Other					
24	Planning & Administration of Federal programs	CDBG/ESG/HOME				

*Outcome/Objective Codes

	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Antipoverty Strategy (91.215 (h))

1. Describe the jurisdiction's goals, programs, and policies for reducing the number of poverty level families (as defined by the Office of Management and Budget and revised annually). In consultation with other appropriate public and private agencies, (i.e. TANF agency) state how the jurisdiction's goals, programs, and policies for producing and preserving affordable housing set forth in the housing component of the consolidated plan will be coordinated with other programs and services for which the jurisdiction is responsible.
2. Identify the extent to which this strategy will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the jurisdiction has control.

3-5 Year Strategic Plan Antipoverty Strategy response:

Utilizing the 2000 U.S. Census and 2008 ACS (*American Community Survey*) data, we know that the number of Duluthians living in poverty has increased from 15.7% in 2000 to 20.1% in 2008. We also know that the household income for a family of four living in poverty is below the 50% and 80% levels of the City Median income, which are the primary targets for the Community Development program. Much of the data reflects the labor market trends of most urban areas in the past two years.

2009 Comparisons for a Family of Four	
Poverty Level	\$22,050
50% of City's Median Income	\$29,950
80% of City's Median Income	\$47,900

The overarching goal of this anti-poverty strategy is to reduce the number of Duluth's families and individuals currently living in poverty. Any goal of reducing poverty must look beyond the effects (not being able to afford housing, clothing, child care, adequate nutrition, among other things) to the causes, the root of poverty, and provide resources to empower people to achieve self-sufficiency.

The Community Development Division has worked with the City's primary TANF agency, the Workforce Development Division, which includes the "One-stop" Workforce Center, to develop a strategy that focuses on coordinating both an

affordable housing and employment training approach which reduces barriers to achieving economic self-sufficiency. This collaborative effort is evident in the objectives of the At Home in Duluth and Duluth at Work collaborative. At Home in Duluth works to achieve the preservation and creation of affordable housing units in Duluth's core neighborhoods (Morgan Park, West Duluth, Lincoln Park, Central Hillside and East Hillside), while the Duluth At Work program is based upon the Portland Economic Opportunity Model, which works to increase income and assets by 25% over a three-year period.

An effective anti-poverty strategy will include a diversity of approaches. The main focus of the City's strategy is to empower persons in poverty to get back on the socio-economic ladder and remove obstacles for achieving success. The following policies form the basis of the funding evaluation process that will be utilized by the City for determining how the annual investment of Community Development resources will assist to implement that strategy:

Policy #1: Provide occupational training programs coupled with career development and job placement in partnership with the City's Workforce Development Division to enable people to obtain employment.

Policy #2: Assist families with removing barriers to obtaining employment through long term or sustainable solutions that reduce the cost of essentials or burdens to household incomes (e.g., child care, health care, transportation).

Policy #3: Focus on efforts to reduce the costs on household's budgets through energy efficiency programs that lower utilities and/or programs that assist with building assets of families through planned savings programs or assistance with homeownership opportunities.

Policy #4: Increase the amount of affordable housing units within the City that have long-term affordability restrictions (greater than 30 years), to maintain housing for low-to-moderate-income residents within our community.

An individual household's situation and why they are in poverty is complicated. It is much more than a simple calculation of annual household income. The City and other agencies have developed sources of information that examine the details of other life issues that, combined with personal interviews, have helped us to better understand many of the root causes of poverty.

There is very well documented evidence of what accounts for family distress as a result of insufficient income to afford basic human needs. Some of the most commonly described root causes of poverty are:

< Little or no education

- < Insufficient employment skills, including employment soft skills
- < Housing priced beyond a family=s means
- < A lack of child care that is affordable and available to struggling families
- < No transportation options other than a public bus [a huge strain on young children as well as their parent(s)]
- < Lack of adequate health care
- < Mental health issues that impact employment opportunity

These and other Alife@ situations can and do combine to severely limit a family=s ability to secure and maintain permanent employment that yields a Aliving wage.@ Some of these factors can be out of the local agency=s control, but many of the programs funded through Duluth At Work are focused on working with families to address these factors and eliminate barriers. Also, the local Community Action Agency, Community Action Duluth, is working with families to address other barriers through coaching in their “Circles of Hope” program that pairs persons in poverty with mentors.

Throughout the implementation of the FY 2010 -2014 Consolidated Plan, the City of Duluth will coordinate with the following organizations (and their program services):

- X Community Action Duluth
- X Duluth Area Chamber of Commerce
- X City of Duluth Workforce Development and Workforce Center
- X Duluth At Work collaborative with Duluth LISC
- X Duluth Housing and Redevelopment Authority
- X Duluth neighborhood groups (i.e., Grant Collaborative and PATCH)
- X Northland Foundation=s KIDS PLUS program - other Northland initiatives
- X Ordean Foundation
- X Damiano Center of Duluth
- X United Way of Greater Duluth

Low Income Housing Tax Credit (LIHTC) Coordination (91.315 (k))

1. (States only) Describe the strategy to coordinate the Low-income Housing Tax Credit (LIHTC) with the development of housing that is affordable to low- and moderate-income families.

3-5 Year Strategic Plan LIHTC Coordination response:

Each year, low income housing tax credits are allocated by the Internal Revenue Service (IRS) to the states, based on their population. Using a published

Qualified Allocation Plan, the states accept applications from housing developers and award credits to affordable rental projects. The developers sell the credits to corporations to raise capital for their projects. Corporations use the credits to reduce the amount of taxes owed to the federal government each year for ten years.

The City of Duluth has been designated a suballocator of the State of Minnesota's housing tax credits. Annually, the City receives approximately \$300,000 in credits. Since 1999, Duluth and the State of Minnesota's Housing Agency have entered into a joint agreement under which Minnesota Housing administers the City's credits in accordance with the State's Qualified Allocation Plan. The City will continue to work with Minnesota Housing to support local affordable rental housing developments.

NON-HOMELESS SPECIAL NEEDS

Specific Special Needs Objectives (91.215)

Specific Special Needs Objectives (91.215)

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve over a specified time period.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Non-homeless Special Needs Analysis response:

The City of Duluth has not designated any high priorities for special needs sub-populations because these needs are well supported through private sector organizations and St. Louis County. Duluth may allocate CDBG funds for projects or programs that assist with special needs persons and will support applications made by St. Louis County to meet special needs of non-homeless persons. The City of Duluth will continue to support housing for persons with disabilities, remove architectural barriers to public facilities, and strive to make public facilities more accessible.

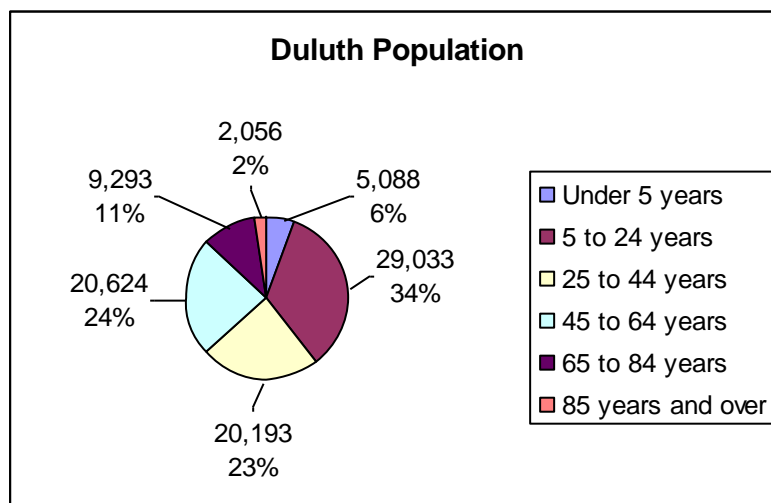
Non-homeless Special Needs (91.205 (d) and 91.210 (d)) Analysis (including HOPWA)

*Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook.

1. Estimate, to the extent practicable, the number of persons in various subpopulations that are not homeless but may require housing or supportive services, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, victims of domestic violence, and any other categories the jurisdiction may specify and describe their supportive housing needs. The jurisdiction can use the Non-Homeless Special Needs Table (formerly Table 1B) of their Consolidated Plan to help identify these needs.
*Note: HOPWA recipients must identify the size and characteristics of the population with HIV/AIDS and their families that will be served in the metropolitan area.
2. Identify the priority housing and supportive service needs of persons who are not homeless but may or may not require supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction by using the Non-homeless Special Needs Table.
3. Describe the basis for assigning the priority given to each category of priority needs.
4. Identify any obstacles to meeting underserved needs.
5. To the extent information is available, describe the facilities and services that assist persons who are not homeless but require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.
6. If the jurisdiction plans to use HOME or other tenant based rental assistance to assist one or more of these subpopulations, it must justify the need for such assistance in the plan.

3-5 Year Non-homeless Special Needs Analysis response:

Elderly persons within Duluth make up over 22% of the population. The *American Community Survey* (2006-2008) estimates that there were 11,349 persons within the City that were elderly (65 and older). Of the elderly



persons in Duluth, 2,056 were considered frail elderly (85 years and older). Since 2000, the elderly population has decreased from over 14,000 and the frail elderly population has risen from 1,908. The elderly subpopulation has funds available that include rehabilitation funds for rental buildings, as well as an increased number of independent and assisted living facilities in Duluth. As these facilities are serving to meet the needs of the elderly and frail elderly, these subpopulations have a need level of low and medium priorities.

Special needs also include persons with severe mental illness. Within Duluth, the Human Development Center (HDC) is one organization that provided psychiatric and psychological services to nearly 1,500 adults with serious mental illness in the last year. With the many services that the HDC and similar agencies provide this subpopulation is a medium priority.

The *American Community Survey* estimated that 12,763 have physical and/or developmental disabilities. Because of services provided by Accessible Space, Inc., Residential Services of Northeast Minnesota, Human Development Center, Center for Independent Living, and other providers, developmentally and physically disabled persons with special needs are a low priority. These organizations are able to meet the needs to all of the persons with special needs.

The Duluth area is also served by the Center for Alcohol and Drug Treatment, which provides a number of services to persons with alcohol or other drug addictions. San Marco was recently constructed in Duluth to provide supportive housing to persons with alcohol addictions. This facility assists in meeting the needs of persons with alcohol addictions. Non-homeless persons with addictions are a medium priority.

The Minnesota AIDS Project provides HIV/AIDS education and provides services to persons with the HIV disease. In 2004, the Minnesota AIDS Project estimated that there were approximately 30 adults living in Duluth with HIV/AIDS. Minnesota has seen growth in the number of HIV/AIDS cases reported. However, only 12% of estimated cases are happening in Greater Minnesota. There were 5,950 people known to be living with HIV disease in Minnesota in 2007 with another estimated 2,500 Minnesotans believed to be living with HIV disease unknowingly. In 2008, there was only one new infection reported in St. Louis County. Because of the low estimates of persons in Duluth with HIV/AIDS, and because most of the HIV/AIDS related efforts have focused in the Twin Cities metropolitan area, the subpopulation of persons with HIV/AIDS is a low priority.

Safe Haven is a battered women's shelter in Duluth that serves women who are victims of domestic violence. They estimate that there are approximately 3,500 people that are victims of domestic violence annually. Because of existing programs that are geared towards those who experience homelessness because

of domestic violence and services offered by other agencies in Duluth, non-homeless domestic violence is not a priority.

Table 1B
Special Needs (Non-Homeless) Populations

SPECIAL NEEDS SUBPOPULATIONS	Priority Need Level High, Medium, Low, No Such Need	Estimated Priority Need	Multi-Year Goals
Elderly	L	11,349	0
Frail Elderly	M	2,056	0
Severe Mental Illness	M	1,500	0
Developmentally Disabled	L	12,763*	0
Physically Disabled	L	12,763*	0
Persons with Alcohol/Other Drug Addictions	M	1,500	0
Persons with HIV/AIDS	L	30	0
Victims of Domestic Violence	N	3,500	0
Other		0	0
TOTAL		32,698	0

*Developmentally and Physically Disabled estimates together total: 12,763.

Duluth will create or preserve supportive housing for individuals and families with special needs. Supportive housing is an accommodating type of housing that either offers or connects occupants to needed support. Funding will be used for new construction, acquisition and rehabilitation of existing buildings for projects that provide supportive housing for persons with special needs. The supportive services that these projects provide to residents will allow persons with disabilities to live independently.

Obstacles to non-homeless special needs primarily include lack of sufficient dollars. State and federal funding has steadily decreased recently and the economic downturn impacts funding for persons with special needs, especially affecting homeownership costs (e.g., increased utilities) and impacting homebuyer programs. Accessible Space, Inc. (ASI) is a statewide housing provider that provides affordable supportive housing for very low-income individuals with disabilities. ASI manages 87 units, both one and two bedroom, in Duluth which provides optional 24-hour Assisted Living Plus Services or allows supportive services from community providers. Units are constructed in a way that promotes accessibility for occupants. Residential Services of Northeast Minnesota (RSI) provides innovative services to support the needs of persons with physical disabilities, developmental disabilities, mental illness, and other needs. RSI provides services that include: foster care (group home and in-home), adult rehabilitative mental health services, medical services, and a variety of other services. The Human Development Center (HDC) in Duluth provides

many services that benefit special needs including mental health issues for children and adults, chemical dependency issues, and provides referrals to area resources. The Center for Independent Living provides skill development for individuals to become independent, among a variety of other services that teach, help build relationships, and open doors to achieving independent living.

Listed below is an inventory of supportive housing facilities for low-and-moderate-income, non-homeless persons, including rental units for elderly and disabled persons receiving Section 8 rental assistance and access to support services. Residential and support service programs for people who are developmentally disabled, have a severe and persistent mental illness or are elderly are also included.

Ariel View	Lennox Apartments
Arrowhead House East	Maple Grove Estates
Arrowhead House West	McCarthy Manor, Inc.
Carlson Hall	Meridian Apartments
Caromin House	Miketin's Central
Duluth Regional Care Center	Nekton, Inc.
Edgewood Vista	Pennel Park Commons
Faith Haven	Pinewood Duluth, Inc.
Fresh Start	Reed's Pine Board & Lodging
Gateway Apartments	Reed's Lakeview
Garden House Estates	Residential Services, Inc.
Greysolon Plaza	St. Ann's Home
Heritage Haven, Inc.	September House
Hillside Homes, Inc.	Spirit Lake Manor
Kiminki Homes	Summit Manor
Lakeland Shores Apartments	Wesley Residence
Lakeside Manor, Inc.	Westwood Apartments
Lakewind, Inc.	Woodland Garden Apartments
Lee's Residence	

Senior adult services are also provided through the St. Louis County Social Service Department. More than 50 private homes provide long term, short term, respite care, and adult day care. St. Louis County also offers three levels of assisted living in Duluth at HRA's King Manor and Midtowne Manor II. The three levels include general congregate meals with a minimum of one meal per day; the Congregate Housing Service Program (CHSP), housecleaning, laundry, transportation, personal assistance and two meals per day; and the Assisted Living Program which provides 24-hour non-medical supervision, monitoring of medications, and personal care services.

The following is a list of certified nursing homes. The St. Louis County Social Services Department (SLCSSD) and/or St. Louis County Public Health Department must screen potential residents.

- Aftenro Home
- Bayshore Health Center
- Benedictine Health Center
- Chris Jensen Health Rehab Center
- Duluth Regional Care Center
- Franciscan Health Center
- Lake Haven Manor
- Lakeshore Lutheran Home
- Viewcrest Nursing Home

Duluth continues to expand resources to serve individuals with disabilities who are living in the community. St. Louis County Social Service Department provides referrals for persons with mental illness who require supportive housing. Another referring entity for persons with mental disabilities is the Human Development Center (HDC). The HDC provides a wide range of mental health related services across the lifespan, including evaluation, individual, couple and family counseling, group therapy, psychiatric services, caregiver support services as well as dementia and other assessments. The HDC also provides community-based services through their Community Support Program, which includes rehabilitation programs, psychosocial rehabilitation through Harmony Club and an employment service called The HDC Work Crew. They also work closely with the Housing and Redevelopment Authority to support persons with mental health disabilities living in the high rises listed above.

The St. Louis County Discharge Collaborative targets persons in public institutions who are at risk of homelessness because of mental health issues, significant health problems, alcohol/drug dependency, or in need of discharge planning. This collaborative includes developing a transition plan for participants, which is assigned to a Case Coordinator prior to release from an institution. The governing board consists of key stakeholders with service providers, agencies, and institutions. The goal is to ensure that persons discharged from institutions do not become homeless.

Tenant-based rental assistance is not generally used for the non-homeless special needs subpopulations as these are not high priority needs. The tenant-based rental assistance will be used for homeless persons since that is the unmet need in Duluth, as stated in the housing objectives.

Housing Opportunities for People with AIDS (HOPWA)

*Please also refer to the HOPWA Table in the Needs.xls workbook.

1. The Plan includes a description of the activities to be undertaken with its HOPWA Program funds to address priority unmet housing needs for the eligible population. Activities will assist persons who are not homeless but require supportive housing, such as efforts to prevent low-income individuals and families from becoming homeless and may address the housing needs of persons who are homeless in order to help homeless persons make the transition to permanent housing and independent living. The plan would identify any obstacles to meeting underserved needs and summarize the priorities and specific objectives, describing how funds made available will be used to address identified needs.
2. The Plan must establish annual HOPWA output goals for the planned number of households to be assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. The plan can also describe the special features or needs being addressed, such as support for persons who are homeless or chronically homeless. These outputs are to be used in connection with an assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
3. For housing facility projects being developed, a target date for the completion of each development activity must be included and information on the continued use of these units for the eligible population based on their stewardship requirements (e.g. within the ten-year use periods for projects involving acquisition, new construction or substantial rehabilitation).
4. The Plan includes an explanation of how the funds will be allocated including a description of the geographic area in which assistance will be directed and the rationale for these geographic allocations and priorities. Include the name of each project sponsor, the zip code for the primary area(s) of planned activities, amounts committed to that sponsor, and whether the sponsor is a faith-based and/or grassroots organization.
5. The Plan describes the role of the lead jurisdiction in the eligible metropolitan statistical area (EMSA), involving (a) consultation to develop a metropolitan-wide strategy for addressing the needs of persons with HIV/AIDS and their families living throughout the EMSA with the other jurisdictions within the EMSA; (b) the standards and procedures to be used to monitor HOPWA Program activities in order to ensure compliance by project sponsors of the requirements of the program.

6. The Plan includes the certifications relevant to the HOPWA Program.

3-5 Year Strategic Plan HOPWA response:

The City of Duluth is not a recipient of HOPWA funds.

Specific HOPWA Objectives

1. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

3-5 Year Specific HOPWA Objectives response:

The City of Duluth is not a recipient of HOPWA funds.

OTHER NARRATIVE

FAIR HOUSING

INTRODUCTION

The City of Duluth receives annual funding assistance for community development from the U. S. Department of Housing and Urban Development (HUD) through programs such as the Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships Program (HOME) and the Emergency Shelter Grant (ESG) Program. The primary objective of HUD-assisted programs is the development of viable and livable urban communities which provide housing and housing choices that are safe and affordable, opportunities for economic development, public facilities and public services meeting the needs of low-to-moderate-income residents.

Fair Housing Certification is a component of the Consolidated Plan in which the City pledges that it will take affirmative action to further fair housing. As part of the Fair Housing Certification, and in conjunction with the Consolidated Plan, the City agrees to 1) Conduct an analysis of impediments to fair housing choice within the jurisdiction; 2) Take appropriate actions to overcome the effects of any impediments identified through that analysis; and 3) Maintain records reflecting that analysis and the subsequent actions taken in regard to the impediments to fair housing.

Provisions to affirmatively further fair housing have long been a part of HUD programming. Entities such as Counties, Cities, and others that receive funding through HUD are required to develop a Fair Housing Plan and incorporate

initiatives to eliminate impediments to fair housing choice into their Consolidated Plans. Impediments to fair housing choice, defined by HUD are:

Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status or national origin, which restrict housing choices or the availability of housing choices, or

Any actions, omissions, or decisions which have an affect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status or national origin.

Previous Plans

This is the fourth Analysis of Impediments to Fair Housing for the City of Duluth. The first analysis was completed in 1997, with the second one completed in 2002, and the third in 2005. The major outcomes of the first two include:

1. Adoption by City Council of a Human Rights Ordinance (Chapter 29C of the City Code) which meets the Substantially Equivalent requirements.
2. Establishment and staffing of the Human Rights Office.
3. Submission to Fair Housing Assistance Program (FHAP) funding from HUD.
4. Developing capacity building within the City of Duluth using FHAP funds.

This Analysis of Impediments builds on these three previous plans.

Update to the Analysis of Impediments to Fair Housing (2010)

Introduction

The following is a summary of the Analysis of Impediment to Fair Housing. The 2009 Analysis impediments and data formed the focus of discussion points during interviews with key informants. Key informants are members of the community or representatives of agencies that work with individuals that are impacted by impediments to fair housing. Key informants are individuals who are in a position to know and have extensive knowledge of the issue at hand. Representatives from the following organizations have been interviewed. A listing of key informants includes representatives from the following: City of Duluth-Department of Building Safety and Inspection, City of Duluth-Human Rights Officer, City of Duluth-Community Development Office, Community Action Duluth, Housing and Redevelopment Authority, Safe Haven Shelter, Legal Aid Service of Northeastern Minnesota, Arrowhead Mult-Housing Homeowner's Association, Damiano's Housing Access Program, City of Duluth-Police Department, and local lenders.

Summary Data Review

Data reviewed and analyzed for the updated Impediments to Fair Housing include Census Data from 1990 and 2000, American Fact Finder information

used to update census data, Housing Indicator Reports prepared by the Community Development staff, Home Mortgage Disclosure Act data, City of Duluth's Building Safety and Inspection Office data, City of Duluth's Human Rights Office data, HRA information, Housing Access Program, *Do We Know More Now?* (HUD publication February, 2008)

Summary of Impediments

The following impediments were subsequently updated. The goals outlined below were drafted from the Analysis of Impediments to Fair Housing Plan which will be a part of the next Consolidated Plan for Housing and Community Development (2010-2014), and will be implemented in conjunction with the Consolidated Plan. Implementation of the goals is to be accomplished using City of Duluth departments and offices such as Community Development, Human Rights Office, and Building Safety. Alliances and other partners in implementation include Damiano's Housing Access Program, Duluth Housing and Redevelopment Authority, and Community Action Duluth.

IMPEDIMENT 1: LACK OF INFORMATION AND EDUCATION

It is clear from previous plans and current interviews that the lack of knowledge and information about fair housing laws and regulations acts as an impediment to fair housing because both landlords and tenants need to know their rights, as well as responsibilities. In an effort to further fair housing, housing providers, consumers, architects, builders, lenders and realtors must have a greater understanding of fair housing laws and regulations.

Goal A: Actively market fair housing through a variety of marketing strategies and mediums to increase the level of knowledge and understanding about fair housing issues.

Goal B: Disseminate general fair housing information to 1,000 tenants and landlords.

Goal C: Disseminate fair housing information specific to accommodating people with mental disabilities to 200 tenants and landlords.

Goal D: Develop and implement training to increase the knowledge and understanding of fair housing rights and responsibilities, to include reasonable accommodations for all CDBG/ESG housing providers and tenants.

Goal E: Increase knowledge of fair housing regulations, in regard to accessibility and reasonable accommodations and visitability, for City Attorneys, public and private architects, builders and contractors associated with CDBG and HOME housing projects.

Goal F: Provide an educational workshop that focuses on reducing barriers presented by cultural, educational and socio-economic differences and assists people in gaining the knowledge and appreciation for diversity that people of color, people with mental and physical disabilities and people of other protected classes bring to our community.

Goal G: Implement a mortgage lender referral system for persons who have been denied home mortgage loans.

Goal H: Incorporate mortgage loan data/information into Community Development's annual Housing Indicator Report.

Goal I: Coordination of resources to provide to provide community education and outreach.

IMPEDIMENT 2: HOUSING DISCRIMINATION AGAINST PROTECTED CLASSES

Illegal housing discrimination occurs in Duluth. Discrimination may occur unknowingly at times, or without knowledge of the legal ramifications that may result, or because enforcement through the state or federal process is difficult and time consuming, and, therefore, not often pursued, or because it commonly occurs in one's life experience and becomes accepted behavior. The most common discrimination complaints are in relation to rental housing. Regardless of why, how or where discrimination occurs, activities that discriminate are an impediment to fair and equal housing choice.

Goal A: Continue to disseminate procedures for processing Fair Housing discrimination complaints through the City's Human Rights Office.

Goal B: Reduce and eliminate discriminatory practices in the area of housing that have an adverse impact on our community.

Goal C: Obtain funds from HUD or the State of Minnesota to support the City's enforcement of "substantially equivalent" fair housing laws under the Duluth Human Rights Ordinance.

Goal D: Establish guidelines for "acceptable" and "not acceptable" rental application forms and for lease language, with "acceptable" language encouraged and "not acceptable" language prohibited in all leases used in the City of Duluth.

Goal E: Conduct an audit of the rental application process(es) and application fees charged by landlords in the City in order to determine if the rental application process and fee charges adversely impact protected class persons.

Goal F: Establish a program in coordination with landlords whereby Housing Access Center, or another similar party, will process applications on behalf of landlords and tenants, which will result in one application/fee per prospective renter that can be submitted to multiple landlords.

Goal G: Develop a program that expunges criminal history records for those individuals who are seeking housing.

Goal H: Encourage housing providers to develop policies that do not unfairly discriminate against persons who have completed their criminal punishments.

IMPEDIMENT 3: SPECIAL NEEDS POPULATIONS ARE OVERLOOKED

Comments made during interviews indicate that "special needs" populations are discriminated against. Comments also suggest that housing choice for this segment of the population is further limited by their special needs, or the additional housing support and other services needed by these groups, and by the fact that household income for special needs populations is likely to be much lower than the mean household income for Duluth.

Goal A: Establish a baseline of demographic data regarding Duluth's protected class, special needs populations, to include households of persons with physical or mental disabilities, non-English speaking households and culturally diverse, female-headed, large-family households.

Goal B: Identify the rental housing needs of historically under-served, protected class, special needs populations. Target 10% of rehabilitation to affordable rental units and the construction of affordable new rental units to accommodate the needs of under-served, special needs populations.

Goal C: Address issues relating to the Olmstead Decision that will lead to improved housing and supportive service opportunities for people with mental and physical disabilities who are unnecessarily confined to nursing homes and other institutions.

Goal D: Expand housing opportunities for protected class and special needs populations by targeting populations that experience multiple barriers to finding permanent, affordable rental housing, for participation in Housing Access Center's Renters Certification Program.

Goal E: Develop procedures for HRA and other interested organizations to translate fair housing and other vital information to various languages, based on the population data collected on non-English speaking populations in Duluth.

IMPEDIMENT 4: HOUSING CODE ENFORCEMENT

Poor quality, substandard housing, a number of absentee or other landlords who do not properly maintain property, and the inability of tenants to hold landlords accountable for maintenance of rental properties were identified as impediments. Protected class persons are more likely to be affected by these issues because a higher proportion of low-income persons are disabled, minority, from female-headed households, or identified as a protected class in some way, and thus, are more likely to live in public housing, or in older, substandard housing when public housing is unavailable to them.

Goal A: Expand the capacity and effectiveness of the Building Safety and Inspection office through the acquisition of a permitting/licensing/inspection computer program. The new system will be used to improve the Department's ability to collect, store and retrieve information relating to rental property licensing, permitting and inspection, to include the number and nature of code violation complaints, citations, corrective actions and successful completion of repairs.

Goal B: Establish a Tenant Remedies Program that improves housing options to renters who encounter problems with landlords not making necessary repairs to property, and allows necessary repairs to be made to rental properties currently in violation of the City's building codes.

Goal C: Reduce the number of rental properties being condemned due to lack of repair and maintenance which will result in reducing the number of tenants being displaced due to condemnation of substandard rental properties.

IMPEDIMENT 5: LOSS OF AFFORDABLE HOUSING UNITS

Loss of affordable housing units was cited quite frequently by the key informants as a major impediment to fair housing for protected class people, particularly those that are low income. The limited resources which low-income, protected class persons have to allocate towards housing severely limits housing choice for a large segment of the City's population. As a result, many of Duluth's protected class persons are more likely to experience housing discrimination and are less likely to report discriminatory actions for fear of losing their housing.

Goal A: Increase housing choice for protected class persons by increasing the number of affordable owner-occupied and rental housing units available in Duluth by at least 3%.

Goal B: Reduce the number of affordable rental housing units lost due to condemnation resulting from landlords' failure to make code violation repairs.

OTHER HOME PROGRAM INFORMATION

Affirmative Marketing and Equal Opportunity Outreach

It is the policy of the City of Duluth, as a Participating Jurisdiction under the HOME Program, to take affirmative action to provide equal opportunity for participation in all of our funded projects and programs. Our goal is to achieve a participant mix that is representative of the people who live in Duluth, so that employment and contractual benefits that develop as a result of our funding will be shared by all Duluthians.

As a requirement of all City of Duluth HOME Program agreements for projects with five or more HOME units, prior to any HOME funds being reimbursed under the agreement, an affirmative marketing plan must be submitted to the Community Development Division for approval by the Manager. An acceptable format for the Plan is HUD form 935.2A, "Affirmative Fair Housing Marketing AFHM Plan" or an equivalent document. Also, owners are required to file a "HOME Program Restrictive Covenant," which requires the current owner, and all subsequent owners, to adhere to the Fair Housing Act throughout the HOME affordability period.

Specific affirmative marketing steps required of owners include outreach to all groups protected by the Civil Rights Act of 1968, amended in 1988, and those protected by the Minnesota Human Rights Act; Affirmative marketing strategy that reaches protected groups; Self-analysis to make sure all steps are non-discriminatory; and upon request by the City, the submission of reports and documents that confirm the implementation of fair housing efforts. Affirmative fair housing practices are to be used in soliciting tenants / participants, determining eligibility, and concluding all transactions.

It is also the City's policy to ensure minority and female contractors and subcontractors equal access to business opportunities on HOME program funded projects. HOME grantees are encouraged utilize a preferential bidding process on housing construction and rehab projects that allows the selection of women and/or minority businesses if they are within 10% of the lowest qualified bid. Should the City find it necessary to directly enter into contracts for the provision of services related to the implementation of the City's HOME program, such as real estate, construction, appraisal, property management, financing and investing, underwriting, accounting or legal services, minority and female owned businesses will be given preference as allowed under the rules of procurement.

The City has the authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, suspend payments under any contract agreement with the City, and cease to do business with any entity that fails to follow our affirmative action policies or fails to meet their contractual equal opportunity obligations.

Action Plan

GENERAL

Executive Summary

The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

Program Year 1 Action Plan Executive Summary:

The City of Duluth's 2010 Action Plan is the first year investment plan of the 2010-2014 Consolidated Plan for Housing and Community Development. The five-year Consolidated Plan outlines community development issues, partnerships and strategies to meet the needs of its citizens, principally those having low or moderate incomes.

The 2010 Action Plan outlines how the City plans to strategically invest federal resources to meet current challenges for low- and moderate-income people. The Plan also highlights how this year's funding will address a portion of the five-year Consolidated Plan goals.

The City of Duluth annually receives approximately \$4.0 million from three U.S. Department of Housing and Urban Development (HUD) programs:

Community Development Block Grant (CDBG);
HOME Investment Partnerships Program (HOME); and
Emergency Shelter Grant Program (ESGP)

1. Community Development Block Grant Program - \$3.06 million

Community Development Block Grant (CDBG) funds must address one of three national objectives:

- **Benefit Low/Moderate income individuals. City is required to appropriate 70% of the CDBG funds to meeting this objective over a three-year period.**

Low- and Moderate-Income Guidelines for the current CDBG Program

Family Size	Very Low/Low Income (50% Median)	Moderate Income (80% Median)
1	\$20,950	\$33,550
2	\$23,950	\$38,300
3	\$26,950	\$43,300
4	\$29,950	\$47,900

Duluth's current median income is \$59,900 per HUD calculations.

The maximum incomes increase per household size after four persons.

- **Prevention of slum or blight conditions (i.e., vacant buildings, code enforcement and removal of unsafe structures)**
- **Addressing an urgent need that threatens the health, safety and welfare of the community's residents**

Four eligible categories for CDBG funding:

- a. Housing (examples: homeownership programs, rehabilitation, weatherization)
- b. Economic development (examples: micro-enterprise development, job creation, employment training)
- c. Physical improvements (examples: construction of buildings, public infrastructure improvements)
- d. Public services - (examples: health care, childcare, employment training, food programs) According to federal regulations, a maximum of 15% can be allocated to public services.

Recipients eligible for CDBG funding are: for-profit businesses; nonprofit organizations; local units of government (including school districts); and neighborhood supported projects.

2. HOME Investment Partnerships Program (HOME) - \$820,000

The HOME Program provides grants and loans to implement the City of Duluth's housing strategies designed to increase homeownership and affordable rental housing opportunities for low- and moderate-income residents.

3. Emergency Shelter Grant Program (ESGP) - \$125,000

These funds provide operating assistance for transitional and homeless facilities within the City. The funding has supported programs that provide overnight and day shelter, and transitional housing for up to 18 months, for various homeless populations within the community.

The Duluth Community Development Program Mission is to invest in community programs that help low- to moderate-income people by addressing **basic needs**, providing **affordable housing** and increasing economic **self-sufficiency**.

The objectives of the 2010 Annual Action Plan include: preservation of affordable housing through rehabilitation with a focus on the Strategic Neighborhood Action Plan areas, weatherization of housing for energy efficiency, employment training that is tied to job creation that leads to an increase in the person's income, expansion and upgrading of Neighborhood Facilities, and services for persons who are or may become homeless. It is anticipated that 100% of the CDBG funds will be used for services or direct benefit for low- to moderate-income persons with a focus on the City's Community Development Target Areas.

The Community Development program has three main initiatives as a result of its mission statement. These are increasing affordable housing, providing economic opportunities for low-income persons with barriers to employment and aggressively implementing the City-County *Ten-Year Plan to End Homelessness*.

This investment in these three major initiatives has led to the development of a program known as "Duluth at Work," which is patterned after the Portland Model. This model focuses on addressing the employment barriers that people with very low incomes have in our current economy with an outcome of increasing incomes by 25% after three years. The goal is to equip this population with the skills needed to gain access to employment, rather than just taking care of them. This initiative assists with training, childcare and soft skill development, along with many other services to address needs.

The affordable housing initiatives are being focused on the City's core Community Development Target Areas, which have developed citizen-based revitalization plans. The goals include addressing negative impacts of blighted or vacant houses and properties along with the redevelopment of mixed-use opportunities. A primary focus of this effort will be rehabilitation of housing units rather than new construction, due to the escalating construction costs in our region and slow market for new homes. Another major component of the housing rehabilitation work will be to address lateral lines as a part of the Sanitary Sewer Overflow issue that is a part of the City's Consent Decree with the Environmental Protection Agency. That will involve replacing or repairing

sewer lines on private property that are allowing clear water into the sanitary sewer because of cracks or failures. Another key focus is to reduce utility costs through energy efficiency improvements, and as such the Community Development program is implementing a goal of reducing energy consumption in all multi-family unit and single family rehabilitations by 10%.

Heading Home St. Louis County, A Ten-Year Plan to End Homelessness, is an aggressive plan to address a long-time need within the region, and primarily Duluth; that is, people who are chronically homeless. The plan has a number of strategies, including a Housing First Strategy that focuses on getting people into permanent affordable housing instead of temporary shelters. This type of change in policy requires the City to shift how resources are allocated and, as such, this has meant a continued transition to funding programs that provide direct benefit to people who are homeless or at risk of becoming homeless, instead of investing in preventative type of programs that may have long-term goal realization.

The Consolidated Plan provides a general outline of community needs, strategies, planned activities, priorities and performance expectations. Each of these strategies is tied to objectives that reflect the performance measurement system implemented by HUD to demonstrate the effectiveness of the Community Development programs on both a national and local scale. Using three national objectives:

1. creating suitable living environments
2. providing decent housing, and
3. expanding economic opportunities

These objectives have been tied to outcome criteria that measures:

1. availability/accessibility
2. affordability, and
3. sustainability

The following chart shows the outcomes that will be realized through the implementation of the objectives outlined in the 2010 Action Plan.

	Accessible		Affordable		Sustainable	
	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries	Amount
Decent Housing	1,156	\$268,654	299	\$2,205,325	0	\$0
Economic Opportunity	64	\$372,500	0	\$0	0	\$0
Sustainable Living Environment	13,200	\$294,213	0	\$0	24	\$571,470

This table shows that the City is planning to invest a large portion of the resources into providing decent housing for low-moderate income residents in the community. The total amount for providing decent housing is \$2,473,979, which is 67.9% of the funding.

HUD, as required, conducts an annual review of performance by the City of Duluth, and has provided a report with the results of their last review. The City's accomplishments for the FY 2008 Program Year were:

- Timeliness in the CDBG Program was at an acceptable rate of 1.00 grant years
- 100% of the 2006 HOME funds had been committed within the 24 month time frame
- 100% of the 2003 HOME funds had been expended within the 5-year time frame
- 100% of the 2006 ESG funds had been spent within the 24 month time frame
- 3 public facilities were assisted during the year including a neighborhood facility, street and sidewalk improvements
- 10 public services assisted over 18,000 low-moderate income persons in the City; these services included youth development, fair housing counseling, health services and other public services
- 35 permanent jobs for low-moderate income persons were created
- Over 35 multi-family units and over 140 single family homes were rehabilitated
- 15 families received assistance through IDAs (Individual Development Accounts) to purchase homes
- 74 homes were weatherized
- 24 households received tenant-based rental assistance
- Over 2,000 homeless persons were assisted through shelters, transitional housing and drop-in shelters with ESG funds

This summary of past performance was only possible because of the collaborative relationship with the City's partners: non-profit service providers and affordable housing agencies, the Duluth HRA, Duluth LISC and other community groups that help to implement strategies that meet the needs of the residents. While the City has much to show, the needs are still great and this year's Action Plan contains a number of key programs that will implement programs that will be measured by the outcomes and objectives as outlined in this plan.

This Annual Action Plan was developed in accordance with the City's Citizen Participation Plan; a complete summary is contained in Appendix B. The process started with a series of Community Forums designed to solicit comments from primarily low-moderate income residents living in the City's Targeted Community Development Block Grant neighborhoods. These forums provided the basis for determining what needs should be addressed with the investment of these funds. The development of the forums is done in consultation with social service agencies and nonprofit partners that serve the needs of low-moderate income people. Also, a public hearing on the Consolidated Annual Performance Evaluation Report (CAPER) was held to review the performance of last year's

programs and activities. Applications submitted for funding to address the Community's needs were reviewed by the Community Development Committee (CD Committee), which is a committee of citizens who advise the City Council and the Administration. The CD Committee announced a preliminary budget for the 2010 Annual Action Plan and then published this budget for a 30-day public comment period. Following the public comment period, a Public Hearing was held on the proposed investment strategy as outlined in the 2010 Action Plan, at which time they heard public testimony and reviewed the citizen comments submitted. All comments submitted were accepted, a summary of these comments is contained in Appendix A.

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.
3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.
4. Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.

Program Year 1 Action Plan General Questions response:

The following pages illustrate the geographic areas where the Community Development fund assisted activities will benefit low-moderate income persons in designated Target Areas. The Community Development Division estimates 85% of the Community Development funds will be utilized within the Community Development Target Areas.

The CD Committee reviewed program proposals and has recommended funding activities that meet a "High" priority in the Tables 1A, 2A and 2B, meaning that the Jurisdiction would fund these activities within the five-year Consolidated Plan. The only "High" priorities not funded in this Action Plan were: Street Improvements, Crime Awareness and Homeless Facilities. The City's Street

Improvement program was modified to complete more preservation activities in 2010, but will return to full street improvement in 2011. The City did not receive any proposals for either Crime Awareness or Homeless Facilities, but will be looking to determine what activities would be feasible in next year's Consolidated Planning process. No "Medium" priorities were recommended for funding in the FY 2010 Action Plan.

Activities to Meet Under-served Needs

In addressing the needs of under-served segments of the population in Duluth (persons of color, persons with disabilities, hard-to-employ persons and female heads of households), the City will follow a policy of nondiscrimination and equal opportunity. The City will make every effort to reach the under-served to participate in CDBG, HOME, and ESG-funded programs, as well as participate in the Consolidated Planning process, the City's Comprehensive Planning process, and the Neighborhood Planning process. Additionally, Duluth has an Affirmative Marketing policy and an Outreach to Minority and Women-Owned Businesses policy.

In 2010, the City of Duluth will continue to address the needs of under-served populations by initiating activities that:

- Increase employment opportunities for low-income, hard-to-employ persons;
- Increase accessibility for everyone;
- Remove impediments to fair and equal housing choice;
- Remove barriers to affordable housing;
- Reduce lead-based paint hazards; and
- Foster relationships between public, private and nonprofit organizations to promote initiatives targeted to the under-served populations.

Specific activities for 2010 are identified below.

Economic Development Activities

The following 2010 projects will provide increased opportunities to employment for under-served populations.

- **SOAR Duluth at Work (D@W)** - SOAR Career Solutions (SOAR) will provide training, support, case management, job placement, and job retention assistance for 20 Duluth residents at/below 50% of Area Median Income to identify, obtain and keep jobs that increase their income by 25% over three years.

Each D@W client will meet with SOAR staff to complete a validated screening tool, the Employability Measure (EM). A case plan will be developed based on the EM's 11 domains of functioning. Intensive support

will be provided to help clients overcome employment barriers and become self-sufficient.

Clients will be enrolled in SOAR workshops as needed. These include:

STEPS, a cognitive program to assist people in changing behaviors and attitudes, building motivation, and gaining a desire to succeed;

Job Basics, a short course on workplace culture and expectations;

Fast Track, a concentrated course on job searching, marketing oneself, job applications, and successful interviewing skills;

The Works, a comprehensive course where individuals discover their career dreams and build skills to reach their goals;

Computer Basic Training, a course for clients who need to overcome computer anxiety and become confident with basic computer skills in order to secure employment.

Additionally, clients will be referred as needed to other community services including Community Action's Circles of Support and FAIM programs, Adult Learning Center, Flexwork, Lake Superior College, the Duluth Workforce Center, American Indian Community Housing Organization's culturally specific supportive services, Minnesota Assistance Council for Veterans, and other community partners.

To support the placement of program participants in full-time employment and to customize training to meet the specific needs of employers, SOAR has relationships with area employers Holiday Inn, SMDC, Express Personnel Services, Northstar Aerospace, and the small businesses in the Northeast Entrepreneur Fund's Growing Neighborhood Businesses program.

Post job placement retention services will include ongoing case management as needed; individual sessions at SOAR, in the workplace, or in the community; phone calls; letters; e-mail contact; and newsletters for three years. Monthly peer support/ongoing education sessions will be planned and offered.

- **CHUM Supportive Services for Employment** - Churches United in Ministry, (CHUM). The project will provide supportive services, including case management, to the target population. Both employees and employers will receive support through the project to ensure their mutual success. Fifteen program participants will successfully obtain and maintain employment for three years, during which time they will build a foundation, including obtaining necessary skills and credentials, for ongoing employment at a livable wage

with career path potential and realize a minimum of a 25% increase in their income. The program will include the following basic components/steps:

Screening and Assessment

Potential participants will be screened to determine their career option choices (based on skills and interests), as well as barriers they must address to realize these objectives. Those not ready for this program will be given appropriate referrals to existing employment and job training opportunities.

Orientation

Those provisionally accepted into the project will participate in a one-week orientation/training program designed by SOAR Career Solutions. This program will include one-half day of basic life skills information (i.e., appropriate dress and language, how to handle child care problems, calling in to work when sick, etc.), as well as job interview skills. The individual, with case management support, is responsible for applying for, and securing a position with one of the participating businesses. Once hired the person becomes a full participant in the project.

Case Management and Supportive Services

The case manager has three primary responsibilities: a) providing support to the participant while holding him/her accountable in carrying out the work plan; b) providing support to the employer and helping ensure that the participant/employee is meeting job expectations; c) problem solving and accessing resources necessary to help the participant achieve stability and job success. Case management will likely be very intense during the first months of employment with a gradual reduction in support as stability is achieved.

Career Ladder Support

Case managers will instill in those they are working with that their initial employment is only the first step in a multi-step process and help them plan the next steps out and access the resources necessary for taking those steps.

Employers will be expected to invest in training their employees. Resources for this (i.e., Lake Superior College, SOAR Career Solutions, Adult Learning Center, etc.) will be made available and shaped to meet the needs of employers and employee/participants.

Peer Support Groups will also be organized to provide an opportunity for employees to share not only their problems and frustrations, but also their dreams. Resources can be brought to these meetings (i.e., SOAR, Lake Superior College, Habitat, Northern Communities Land Trust, Early Childhood and Family Education) that can help participants see how these dreams can be realized.

- **Neighborhood Youth Services, JET (Jobs, Education, Training) Project**
Neighborhood Youth Services (NYS)--Woodland Hills. The goal of this project is to provide program participants, a targeted population of five low-income youth (ages 15 to 21), with employment readiness training, career exploration and job shadowing opportunities and educational and employment support to assist them with becoming economically self-sufficient. The overall goal is increasing participant income by 25% over a three-year period.

The first part of the program provides participants with opportunities to enhance their job readiness skills. The skill training includes resume writing, completing employment applications, interviewing and communication skills, appropriate work attire, handling responsibilities, and financial management skills. This training allows the participants to progress as a group which serves as a support network. After completion of the job readiness training and based on their particular interests, the youth will then participate in career exploration and job shadowing at businesses in Duluth. As participants develop their skills and gain a variety of experiences they will move into employment opportunities. Duluth businesses offering job shadowing and/or employment opportunities to JET Program participants include:

- Holiday Inn Hotel (3 opportunities)
- Holiday Stores (2 opportunities)

- **Growing Neighborhood Businesses - Northeast Entrepreneur Fund, Inc. (NEEF).** This project will provide vital one-on-one business development and expansion technical assistance and training for at least six existing LMI qualified small-business owners in Duluth Target Areas (East Hillside, Central Hillside, Lincoln Park, Morgan Park, and West Duluth), with goals of job creation and overall business growth of 25% in three years.

The Northeast Entrepreneur Fund will work closely with the At Home in Duluth Core Group, Spirit Valley Citizens Neighborhood Development Association (SVCNDA), Lincoln Park Business Group, and the Hillside Business Association to help grow strong, vital neighborhood businesses that create new jobs for persons in the five targeted neighborhoods in order to increase their economic self-sufficiency.

Through Growing Neighborhood Businesses (GNB), the Entrepreneur Fund will provide vital business development and expansion technical assistance and training to existing small business owners in the targeted neighborhoods who currently have at least one paid employee and want to expand their business and create new jobs.

A Northeast Entrepreneur Fund Business Developer will be assigned full-time to work with business owners in the five neighborhoods. The Business

Developer will actively market and recruit existing business owners for the GNB project, meet on-site with each business, and be available for office hours at the neighborhood business associations' offices. Recruitment methods will include presentations at neighborhood business and community associations, flyers posted in the neighborhoods, word-of-mouth marketing, and active networking among local businesses.

Once recruited, each business owner will work closely with the GNB Business Developer to provide an initial need assessment and build a plan for the future. This plan could include specific assistance with business and financial planning for expansion, sales and marketing, new product or service development, and Human Resource Planning - technical assistance with the ultimate goal of job creation and overall business growth of 25% in three years.

- **Job Incentive Program (JIP)** – This program, operated by the Community Development Division staff, uses funds awarded in previous CDBG Fiscal years and is still in operation. Small businesses in Strategic Neighborhood Action Plan-qualified geographic areas of the City are provided capital/operating funds and are then required to hire qualified LMI persons to fill the jobs created with those funds. An agreement between the City and the business defines the required number of jobs and their duration relative to the amount of CDBG assistance provided to the specific business. The business must use the services of the City of Duluth Workforce Development Division to assist with the recruitment and screening of job candidates.

The job creation element of this program offers job opportunities to under-served persons, including persons of color, those with disabilities, and others who are especially hard to employ. Although not exclusionary, the program also focuses on providing women and minority-owned small businesses with assistance available through this program.

Public Facilities Activities

The following 2010 projects will provide a more sustainable living environment and increased accessibility for under-served populations.

- **Curb Ramp Accessibility and Sidewalk Improvement** – Engineering Division, City of Duluth.

The City Engineering Division will coordinate a project to construct additional pedestrian curb ramps at alleys and street intersections, and improve the sidewalks between these ramps, thus improving Duluth's access routes for all citizens and visitors by removing barriers (curbs). This improvement will assist people using wheelchairs, utilizing walkers, and parents with strollers.

The Americans with Disabilities Act (ADA) requires, and the City of Duluth desires, that all of its citizens and visitors be able to access public services and use public accommodations. In order to provide access to the sidewalks, curb ramps need to be provided at alleys as well as intersections.

The design work will be done by the City of Duluth Department of Engineering and by contracting out installation of the curb ramps and sidewalks. The work is to be accomplished during the construction season of 2010. The Department of Engineering has been in communication with the City of Duluth Commission on Disabilities in identifying the locations of the needed ramps.

In Lincoln Park, they would be installing 22 new intersection curb ramps with truncated domes and 1800 feet of sidewalk. This, together with the projects completed in 2005, 2006 and 2007, 2008 and 2009, makes for the overall completion of 132 blocks of unobstructed pedestrian pathways.

Our goal is to improve Duluth's pedestrian access routes for all citizens and visitors by removing barriers (curbs), by installing curb ramps and improving sidewalks between the curb ramps. Such ramps will make pedestrian areas accessible to EVERYONE - not only those using wheelchairs will benefit, also those using walkers, crutches, or canes, those pushing baby strollers, pulling wheeled luggage, and those with difficulty walking distances. This proposal will install curb ramps and sidewalk in areas that are not considered by any other project.

Public Service Activities

The following 2010 public service projects will provide increased opportunities to access employment and increased access to fair and equal housing choice for under-served populations.

- **Damiano Center's Clothes That Work and Social Service Programs** help to remove barriers to employment for low-income, under-served populations. Clothes that Work provides free job-appropriate and professional work attire for participants who are employed or seeking employment. Additional effort is made to increase employment opportunities by providing participants with bus tokens and other assistance to reduce transportation barriers that limit employment opportunities. While all program participants are low income, more than half of the program participants are from female-headed households, more than half are persons of color and many are persons with disabilities. By reducing barriers to employment, program participants have greater opportunities to increase their economic self-sufficiency.
- **Damiano Center's Housing Access Tenant/Landlord Counseling Program** provides education and assistance to landlords and tenants regarding their rights and responsibilities under the Fair Housing Act and the

Tenant/Landlord Act. Many of the tenants served are low-income, from female headed households, persons of color, and persons with disabilities. Fair housing assistance is targeted to protected class persons who are also more likely to be part of the under-served population.

Housing Activities

The following 2010 projects will provide increased accessibility as well as remove impediments to fair and equal housing choice and barriers for under-served populations.

- **Community Action's FAIM Individual Development Accounts (IDA) and Downpayment assistance program** provides funds for a matched savings account enabling low-income renters to save for a downpayment for their first home. Financial education, credit repair and ongoing coaching also assist renters with becoming homeowners.
- **Housing and Redevelopment Authority (HRA) of Duluth Homeless Rental Assistance Program (TBRA).** This HRA program provides rental assistance to homeless families. The program is similar to the "Section 8" Housing Voucher Program. However, applicants can have immediate access to a voucher, and persons with some types of criminal histories can be housed that would be rejected under the regular "Section 8" guidelines.

Summary of Community Development Resources for Proposed FY 2010 Action Plan

The total recommended investment available for the FY 2010 Action Plan is in the following table:

Source	Amount	Comments
HOME	\$820,000	FY 2010 Grant estimate
HOME	\$55,249	Reprogrammed from earlier allocation
ESGP	\$125,000	FY 2010 Grant estimate
HOPWA	\$0	The City is not eligible for HOPWA funds but, as shown on Table 2, supports applications for them.
CDBG	\$3,061,420	FY 2010 Grant estimate
CDBG	\$437,700	Reprogrammed funds from earlier allocations
Program Income	\$523,365	[See narrative below]
Float Funds	\$0	No activities planned using this type of funding.
Total	\$5,022,734	
Total Available for FY 2010 Action Plan Activities	\$4,499,369	[Some program Income funds are available for allocation to FY 2010 projects. See narrative below.]

Program Income

The City does anticipate having program income available for allocation to projects in FY 2010. Although there will be program income generated, most of these funds generated by revolving loan funds will have already been obligated for CDBG and HOME eligible activities via individual subrecipient contracts. Neighborhood Housing Service's and HRA's rental rehabilitation are in the form of repaid revolving loan fund reimbursements generated by the projects, which remain with the projects to fund future eligible activities.

The 2008 Grantee Performance Report and financial audits project \$523,365 in program income estimated to be generated in 2010. These program income funds will be utilized by these two agencies for housing rehabilitation activities.

Program income generated by the collection of payments from "due on sale" loans or deferred grants in the form of housing lien reimbursements or the reallocation of funds from previous program years in the amount of \$55,249 in HOME funded activities and \$437,700 in CDBG-funded activities will be utilized in the FY 2010 funding recommendations

In addition, the City owns or controls tax forfeited land that could be used for housing, community development, or economic development projects. The City may use some of that property during the FY 2010 Community Development program.

Funding Sources and Leveraging

FY 2010 ACTION PLAN FUNDING SUMMARY		
Funding Source	Amount	% of Total
CDBG	\$ 3,499,120	9.6%
HOME	\$ 875,249	2.4%
ESPG	\$ 125,000	0.3%
Other	\$31,896,500	87.7%
Total	\$36,395,869	

The table above summarizes the various funding sources proposed to underwrite the FY 2010 Action Plan. As shown in the table, \$4,449,369 in CDBG/HOME/ESGP funds will leverage an additional \$31,896,500. The ratio of Community Development funds to leveraged funds is 1:8.1. "Other" funding sources include other federal programs, foundations, City, self-generated fees, donations, and private donors.

It should be noted that funding amounts are estimates and may change pending success of applicants' requests to foundations, fund drives, and level of actual self-generated fees. In past years this leverage amount has been higher, but due to the recent market events, other resources have diminished. Foundation and other state funding resources have dramatically decreased with recent economic events.

The City requires all grantees receiving ESGP funds to submit evidence, such as contracts or grant award letters, that they have obligated dollar-for-dollar matching funds from nonfederal revenue source(s), to identify and include the match in the project budget, and to document expenses covered by matching funds with each request for grant monies. The match requirements are incorporated within the executed grant agreement between the City of Duluth and the subgrantee.

To ensure documentation of match for the HOME Program, all grant agreements in categories requiring match include the following stipulation: "At City's request, (*subgrantee*) shall be responsible for requiring that a Matching Contribution be available or in place with regard to such HOME funds which, when taken together with the aggregate of HOME grants previously extended under the HOME Program, meets the requirements for Matching Contributions as set forth in the HOME Program statutes and regulations promulgated thereunder." In the past, the City has asked HOME-funded projects to provide documentation of awarded foundation and/or State of Minnesota grants. These sources have provided match contributions far exceeding the annual liability, and allowed for significant excess match to be carried over into future years.

As required by HUD regulations, the City has adopted policies encouraging involvement in the HOME Program by minority and women-owned businesses.

This document, "Affirmative Marketing/Outreach to Minority and Women-Owned Businesses," is on file in the office of Community Development. The City has also developed guidelines on recapture and/or resale restrictions for applicable affordability periods that govern homeownership projects. For these guidelines, see Appendix C - Recapture/Resale Guidelines for Home Buyer Activities.

Managing the Process

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

Program Year 1 Action Plan Managing the Process response:

On behalf of the City of Duluth, the Community Development Division of the Community Resources Department has the lead agency responsibility for formulating plans and strategies for housing and community development efforts. The Division is directly responsible for administering and developing the Consolidated Plan, which outlines the community's goals and investment strategies for the Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME) and Emergency Shelter Grant Program (ESGP). Also, the Community Development Division works with other City departments, the Housing and Redevelopment Authority of Duluth, neighborhood and citywide non-profit groups to implement the Community Development program.

An advisory group of citizens assists with reviewing community development strategies by providing direct citizen input into the planning and prioritization process. That group is the Community Development Committee (CD Committee). The CD Committee is made up of eleven communitywide representatives. The CD Committee is advisory to the City Administration and the City Council.

The participation process for the Community Development Program is detailed in the *City of Duluth Citizen Participation Plan, February 2009* publication. In general terms, the process consists of two tiers: CD Committee, which provides

community perspectives on the Community Development Program; the Neighborhood Forums (hearings), which have CDBG-eligible Target Areas and represent neighborhood perspectives. These forums are meant to provide a more interactive setting from which to seek input on neighborhood priorities and needs.

The Community Development Division, as the lead entity, strives to involve many partners in addressing community development needs and issues. As noted in the following section, there are many other participants involved with housing and community development issues and programs in Duluth. As the lead agency, the Division strives to achieve close cooperation among these other entities.

Two major events helped to shape the principles in the development of the Consolidated Plan from a community needs assessment and the direction of fund distribution. One item was the Community Impact Report developed and released by the United Way. This report outlined trend data in the basic areas of community development from housing, education, social service delivery and youth development. Many of the Community's partners provided information and discussed how the focus on children will have a major benefit on the youth development and future service needs. The other event that shaped the fund distribution philosophy was the meeting of the Duluth Grantor's Alliance in February 2009. This alliance is made up of all the foundations in the community, along with the City, County and the United Way. This meeting outlined the dramatic reduction of funds that would be available in 2010 and 2011 from the area Foundations, due to the decline in the market place. This funding reduction over the next couple of years will have a major impact on all of the public service providers within the community and will cause some reduction of services.

During the course of preparing the Consolidated Plan Community Development staff met with numerous individuals and agencies to gain information and insight into Duluth's housing and community development needs. These agencies have working programs and statistical information pertaining to persons with low and moderate incomes. The following agencies were consulted and have a combined interest with the City in furthering community development goals:

- St. Louis County Health & Human Services Department
- Arrowhead Regional Development Commission
- Duluth Affordable Housing Coalition
- Center for Alcohol and Drug Treatment
- Human Development Center
- Housing and Redevelopment Authority of Duluth (HRA)
- Community Action of Duluth
- Duluth Workforce Center
- Duluth Workforce Development Division
- Community Development Committee
- St. Louis County Community Development

Local Initiatives Support Corporation
Superior Community Development Office
United Way of Greater Duluth
Ordean Foundation
Northland Foundation

During the 2010 Action Plan year, the City's Community Development Division will participate in a process with the other major Youth Development funders, the Ordean Foundation, the United Way of Greater Duluth, and the Northland Foundation. This process will be to identify ways to strategically invest in and support the implementation of after school and summer youth development programs. The funders have supplied a facilitator to work with the agencies on developing a strategic plan that identifies how the system of delivering youth services will continue in this new time of drastic funding reductions. The plan may include sharing resources, i.e., staff, sites, administrative services (like accounting) and other tools to reduce operating costs while maintaining service levels, at the same time, requesting funders to consolidate reports and other administrative grant requirements to alleviate the reporting burdens.

Citizen Participation

5. Provide a summary of the citizen participation process.
6. Provide a summary of citizen comments or views on the plan.
7. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.
8. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

*Please note that Citizen Comments and Responses may be included as additional files within the CPMP Tool.

Program Year 1 Action Plan Citizen Participation response:

Early in the development of the Consolidated Plan, a series of community forums was held in Community Development Target Areas that served as Community Development and Housing Needs public hearings. The purpose of these forums was to gain comment, information and insights into community needs and opportunities. The community forums were held at the Central Hillside Community Center on May 5th, Harrison Community Center on May 7th, Good Fellowship Club on May 12th, City Center West on May 14th, and Grant Recreation Center on May 19th. These forums were aimed at engaging citizens from these neighborhoods in a community dialogue on issues and needs for

persons with low and moderate incomes in a less formal and more interactive setting, plus a survey of community needs was conducted at these forums. People were asked what the priority needs for the community should be and 124 people responded to the survey. A summary of the proceedings can be found in Appendix B.

A public hearing was held June 23, 2009, by the Community Development Committee for the purpose of reviewing the previous year=s program performance as outlined in the 2008 CAPER. This enabled citizens to ask questions about monitoring issues and learn more about the program=s outcomes.

A 30-day public comment period was advertised in the Duluth News Tribune on November 13th continuing until December 14th. This notice was also placed on the City's website.

A second public hearing was held on December 15, 2009 to receive public comment on the proposed FY 2010 funding recommendations and the goals of the 2010-2014 Consolidated Plan. The Council then reviews the Consolidated Plan and FY 2010 Action Plan on December 21, 2009.

All meetings for the Community Development Program are conducted according to the state Aopen meeting law,@ including community forums and Community Development Committee (CD Committee) meetings. Meetings of these groups are held during evening hours at public locations accessible to persons with disabilities. Copies of the meeting notices are forwarded to the Office of the City Clerk, where they are placed on public display and kept on file. In addition to the traditional time and location information, the ads and news releases include information on the purpose and proposed content of the subject matter to be heard. In the event a Public Hearing is expected to be attended by a significant number of non-English speaking or hearing impaired individuals, a translator is provided.

Information relating to the Consolidated Plan and specific project proposals is maintained in the Community Development Office, Room 407, City Hall and is available for the public to view and obtain copies; also, a summary of this information is available on the Community Development Division=s website. In addition, a library of information relevant to housing and CDBG issues and programs is available at the Community Development Office.

Public Comment on Consolidated Plan

Appendix A contains a summary of public comments and the City's responses to the comments on the Consolidated Plan. Appendix B has a summary of each public hearing held during the development of the FY 2010-2014 Consolidated Plan.

Efforts to Broaden Citizen Participation

Participation from citizens is necessary for a community to craft and implement community development initiatives that meet the needs of its citizens. The City of Duluth has been fortunate to have broad participation in the planning process, but the process of obtaining and enhancing citizen participation is constantly changing with new technologies and social patterns. More people are connecting to the INTERNET for various activities: gathering information about programs or meetings, obtaining updates on current events, providing opinions on public programs, just to name a few. A growing trend with public meetings is the use of cable access television to provide people with an additional access to public processes. In the Consolidated Planning process these mediums have been utilized to provide more access to the planning and recommendation process through the City's website and televising meetings on the Public Access channels. This will remain a constant method for expanding participation, including publishing monthly ads on the Community Development process in the Hillside Newspaper, which is a free newspaper that is focused on a large part of the City's Core Community Development Target Area.

A successful method of broadening participation has been the [Community Forums](#).⁶ These sessions allowed people to interact in smaller groups to determine neighborhood needs and issues. Then each group reported back priorities to the larger group. A primary goal for the Consolidated Plan in that process was to encourage people with low and moderate incomes from outside the current CDBG Target Areas to become active in the Consolidated Plan development process. Our partners in the community (Community Action Duluth, Churches United in Ministry, Damiano Center, and the HRA) assisted with getting the notice out to under-served population, including public housing residents, and by bringing program participants to those forums.

Institutional Structure

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 1 Action Plan Institutional Structure response:

In 2010, to strengthen partnerships for the delivery of services as identified in the Annual Action Plan, the Community Development Division will be working with other community funders of youth development programs to develop a more streamlined application and quarterly reporting process to alleviate administrative burden upon youth development nonprofits.

Also, the Community Development Division will be coordinating with St. Louis County on the *Ten-Year Plan to End Homelessness*, by developing a more

streamlined “intake process” as a part of the Homeless Prevention and Rapid Re-Housing Program (HPRP).

Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 1 Action Plan Monitoring response:

The Community Development Division and City Auditor’s Office will conduct an annual risk assessment. This risk assessment of the subrecipients will be based upon material weaknesses cited in the audit and performance in submitting appropriate documentation of expenditures, demographic information and other contract requirements and is completed on an annual basis. A high-risk subrecipient has material weaknesses and/or significant deficiencies in their audit relating to the above-mentioned federal programs, lacks sufficient accounting policies and procedures to safeguard federal assets, and/or submits inaccurate payment request documentation and/or late demographic reports. On-site monitoring shall consist of financial monitoring and programmatic compliance.

The Community Development Committee shall hold a CAPER (Consolidated Annual Performance Evaluation Report) Public Hearing for the purpose of reviewing activity accomplishments for the previous year within 90 days after the completion of the City’s Community Development Program year. The records presented at this hearing are available during normal business hours for public inspection in the Community Development Office.

Lead-based Paint

1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.

Program Year 1 Action Plan Lead-based Paint response:

In the coming year, the Duluth HRA plans to assess, remediate and clear 95 units of lead-based paint hazards. Given the age of the affordable housing stock in Duluth, lead paint remains a major concern, especially for families with young children. These units will primarily be owner occupied, by households with

incomes up to 80% of annual median income. The lead hazards will be remediated; however, lead paint will remain in the structure.

In the Fall, the City of Duluth, in collaboration with the HRA, intends to submit an application to the Office of Healthy Homes and Lead Hazard Control to expand the HRA's efforts to include rental properties that participate in the Section 8 Housing Voucher Choice program. Households that will benefit from the reduction in lead hazards will be extremely low-income and low-income families.

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

3. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
4. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:

See table 3A for priorities and specific objectives.

Rental Housing Development:

In 2010, Center City Housing Corp. plans to utilize weatherization assistance provided by AEOA with federal and state funds (see Energy Efficiency), and HRA's Rental Rehab loan program funded by CDBG, for two housing projects.

Homebuyer Assistance:

For the 2010 program year, the program partner Community Action Duluth will use State of Minnesota Family Assets for Independence Minnesota (FAIM) program funds and private funds (foundation and matching funds from program participants) for their homebuyer matched savings program.

Housing Rehab:

The Duluth HRA will provide homeowner and rental rehab programs, utilizing additional resources including federal lead paint hazard control funds, state Greater Minnesota Housing Fund Community Revitalization Fund (CRF) program, reinvestment of program income generated within the HRA's Rental Rehab Revolving Loan Fund, and private matching funds from rental property owners.

Energy Efficiency:

In the 2010 program year, AEOA will use federal Department of Energy and State of Minnesota Energy Assistance Program funds for weatherization. Common Ground Construction has secured federal American Recovery and Reinvestment Act funds through the State of Minnesota's Office of Energy Security, and matching funds from two local utilities, Minnesota Power and Comfort Systems. Homeowners will contribute private funds on a sliding scale based on annual income.



Two homes with energy efficiency improvements, including solar panels, after a "Green" rehabilitation project.

Acquisition / Demolition:

The Duluth HRA will utilize local DEDA funds for demolition of condemned, vacant and blighted properties.

Acquisition / Rehab / Resale:

City will use federal Neighborhood Stabilization Program (NSP) funds during the upcoming program year, in conjunction with in kind resources (staff time and expertise) provided by program partners Duluth HRA and Northern Communities Land Trust. Other resources include reprogrammed CDBG funds from a lien repayment, state resources provided by the Greater Minnesota Housing Fund,

federal lead hazard reduction funding through the Duluth HRA, and private bank financing for interim construction loans.



April and Rory in front of the home April was able to purchase using a number of CDBG-funded programs.

Special Needs Housing Development:

The City will not be working on any special needs housing development in the 2010 program year.

Tenant-Based Rental Assistance:

In-kind resources (supplies, postage, office, utilities, and partial staff salaries) will be used by the program partner Duluth HRA in 2010 to accomplish tenant-based rental assistance. The HRA is federally funded.

Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.

2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 1 Action Plan Public Housing Strategy response:

In 2010, the Duluth HRA has been awarded HOME program funding for tenant-based rental assistance for homeless individuals and families to secure permanent rental housing. Case management services will be provided to ensure housing stability. Of the \$40,000 in HOME funding, the HRA will use \$3,000 for the management of the program, and \$37,000 for housing vouchers.

Public housing residents participate in City funded programs such as Community Action's IDA savings program; and NCLT and HRA's acquisition, rehab, resale programs. Residents are encouraged to take advantage of the HRA's Family Self-Sufficiency and Section 8 Housing Voucher homeownership programs.

The City is satisfied that public housing residents are involved with the HRA management through their representative on the Board of Commissioners and active Resident Clubs.

The HRA is a High Performer under HUD's Public Housing Assessment System (PHAS), which grades the HRA on management operations, physical conditions, customer service, and financial condition.

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 1 Action Plan Barriers to Affordable Housing response:

Co-Locating Permitting and Planning

The target for implementing "One Stop Shop" development services and co-locating related offices on one floor in City Hall is May, 2010.

New Zoning Code

In the coming year, the new development code will be finalized. Adoption of the citywide zoning code will follow in 2011.

Lateral Sewer Lines

Late in 2008, the HRA was awarded CDBG funds to assist low- and moderate-income households to repair private sewer lines. Originally, the HRA anticipated helping 60 households by June, 2010. However, the Duluth City Council approved additional local support in the form of partial grants to homeowners.

CDBG funds are being used to cover costs above the grant amount. This will significantly increase the number of lines repaired with CDBG, to as many as 200 households. In 2010, the program will be extended and additional homeowners assisted.

Demolition of Blighted Properties

The HRA will utilize local DEDA funds to acquire and demolish blighted properties, focusing on the At Home in Duluth neighborhood revitalization areas.

Affordability and Value Gap Funding

Income eligible homebuyers will participate in Community Action's IDA program, and purchase homes through the NCLT and HRA acquisition / rehab / resale programs.

Increased Per Unit Rehab Guidelines

Not planned for 2010. This barrier will be addressed in future years.

"Gate Keeper" Approach to Rehab Programs

In 2010, Common Ground will become the "gate keeper" for homeowners seeking assistance for energy efficiency improvements to their homes. As a pilot project, it is hoped that this effort will be a model for expansion of the "gate keeper" approach to all housing rehab assistance in future years.

Lead-Based Paint Funding

The City of Duluth, in cooperation with the Duluth HRA, will submit an application for lead-based paint funding to the Office of Healthy Homes and Lead Hazard Control.

Foreclosed Properties

NCLT and HRA will continue through 2010 to acquire, rehab and resell vacant, foreclosed properties in neighborhoods experiencing high foreclosure rates.

Housing Market Survey

A survey to determine the actual median value of homes in Duluth will be conducted when HUD issues regulations disallowing the use of the Single Family Mortgage Limits under Section 203(b) of the National Housing Act. HUD's use of the Duluth/Superior statistical metropolitan area as the basis for determining median value underestimates values within the City of Duluth.

10% Energy Efficiency Requirement

Starting with 2010 agreements, any rehab projects funded with CDBG or HOME Program dollars will be required to increase by 10% the energy efficiency of existing homes. No new construction is being funded.

Tenant-based Rental Assistance

The Duluth HRA will administer a HOME funded tenant-based rental assistance program for homeless and “at risk” households.

Special Assessment Policies

Over the past year, Community Development staff has worked with the Special Assessment Board to analyze policies that serve as a barrier to addressing tax forfeit vacant lots and dilapidated structures. Excessive assessments have made the purchase and rehabilitation of existing housing, as well as the rebuilding on cleared sites, cost prohibitive. In 2010, the Board will adopt new policies that encourage, rather than discourage, affordable housing development.

HOME/ American Dream Down payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
 - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.

4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
 - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Program Year 1 Action Plan HOME/ADDI response:

The City of Duluth is not a recipient of ADDI funds.

HOMELESS

Specific Homeless Prevention Elements

*Please also refer to the Homeless Needs Table in the Needs.xls workbook.

1. Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.

5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 1 Action Plan Special Needs response:

The City of Duluth has long partnered with St. Louis County (SLC), in producing a business plan to end homelessness, *Heading Home St. Louis County, A Ten-Year Plan to End Homelessness*, and establishing annual goals and objectives under the *Continuum of Care (CoC) Plan* for St. Louis County. Both the *10-Year Plan to End Homelessness* and the *Annual CoC Plan* are incorporated into the Consolidated Plan and the Annual Action Plans and used in the development of annual and five-year goals and strategies. While the SLC Health and Human Services Department is the lead entity for both the *Ten-Year Plan to End Homelessness* and the *CoC Plan*, activities associated with the planning and provision of housing and services for homeless individuals, families and youth are coordinated through a network of homeless service providers, the Affordable Housing Coalition (AHC-Duluth), the Rural Housing Council (RHC-Northern St. Louis County), the Committee to End Homelessness and the Implementation Team for the *Ten-Year Plan to End Homelessness*.

The goal of the *Ten-Year Plan to End Homelessness* and the *Continuum of Care*, through a countywide perspective and distribution of resources, is to help homeless individuals, families and youth to be rapidly re-housed in the most permanent housing possible, increase their housing stability and the housing security that goes along with it, and to prevent new occurrences of homelessness. With the understanding that homelessness is not caused merely by lack of shelter, but rather involves a variety of underlying, unmet physical, economic and/or social needs, the supportive services provided for the homeless are designed to meet those needs. Support services include mental health treatment, drug and alcohol treatment, employment training, family support, life skills training, and providing for basic needs such as food and clothing. The SLC Health and Human Services Department and the City of Duluth Community Development Division are collectively responsible for managing the *Continuum of Care* process (since 1995) and the *Ten-Year Plan to End Homelessness* (starting in 2007). In 2009, through the *Continuum of Care* SuperNOFA process, Duluth agencies that help the homeless were allocated funding in the amount of \$1,368,839 to provide shelter beds and services, transitional housing and support services, permanent housing units and permanent supportive housing with services.

Two Duluth agencies receiving CoC funding in 2010—American Indian Community Housing Organization and Minnesota Assistance Council for Veterans—to create seven additional units of permanent supportive housing for the chronically homeless and forty units of permanent housing.

In 2009—2010 biennium, through the Family Homeless Prevention and Assistance Program (FHPAP), three Duluth agencies—Life House, CHUM and Salvation Army-- received approximately \$200,000 in funding to provide housing, advocacy and prevention services to the homeless. Through the FHPAP program Duluth agencies will assist 225 homeless youth, families and individuals to move to independent living through prevention and rapid re-housing assistance.

In 2009, the City of Duluth and St. Louis County received Homeless Prevention and Rapid Re-housing Program funds from HUD. The City of Duluth received approximately \$1.2 million, which was allocated to four agencies—Churches United in Ministry (CHUM), Salvation Army, Life House, and the Center for Alcohol and Drug Treatment. During the two-year contract period (2010-2011), the goal of this program is to help homeless individuals, youth and families to move to independent living and obtain housing stability. The goals for this program are to prevent homelessness for 27 youth and 65 families and singles and to help 27 homeless youth and 129 homeless individuals and families to be rapidly re-housed.

The City further contributes to the countywide *Ten-Year Plan to End Homelessness* and the *Continuum of Care* process by providing support, through allocation of CDBG, HOME and Emergency Shelter Grant (ESG) program funds. In 2010, the City's allocation of ESG funds in the amount of \$120,000 will be used to support the operation of four shelter and transitional housing facilities—CHUM Shelter, Safe Haven Shelter, AICHO Shelter and Salvation Army Transitional Housing. The City will allocate \$106,000 in 2010 CDBG Public Service funds to support programs and services for homeless persons. CDBG funds will provide shelter and transitional housing and support services that help homeless individuals and families to obtain permanent housing and gain access to education, employment, medical assistance and other services. Other CDBG-funded Public Service programs that assist Duluth's homeless initiatives include the Duluth Hunger Program, which operates emergency food pantries and soup kitchens throughout the City, the Lake Superior Community Health Center, which provides free health care services to homeless and other low-income people in Duluth, the Housing Access Program, which provides assistance in helping homeless and low-income people find affordable rental units and The Salvation Army heating assistance program that helps very low-income people pay high heating costs during the winter months.

In addition to Public Service funding, the City will allocate \$37,950 in HOME Program funding to the Housing and Redevelopment Authority's Tenant-Based Rental Assistance (TBRA) Program, to provide rental vouchers to homeless people who are not eligible for Section 8 or Public Housing.

Specifically, the City of Duluth, in conjunction with the Consolidated Plan and the 10-Year Plan to End Homelessness, will address homelessness in 2010 in a variety of ways. HOME funds will be used to move homeless individuals and families to independent living and housing stability by providing housing vouchers through the Tenant-Based Rental Assistance Program. CDBG Public Service funds and ESGP funds will be used to provide emergency shelter and transitional housing beds and support services to homeless individuals, families and youth. Persons exiting out of these programs will be assisted in obtaining stable housing and moving to independent living. Also in 2010, HPRP funds will be used to provide rapid re-housing assistance and case management services to homeless individuals, families and youth who are homeless to help them move to independent living and achieve housing stability.

The goals established in the Consolidated Plan to address chronic homelessness are to create additional permanent housing units targeted specifically for this population. In 2010, the goal is to create an additional 47 permanent housing units for the homeless individuals and families, seven of which are targeted specifically for chronic homeless.

The goal established under Duluth's HPRP program (2010 – 2011 contract period) is to provide homeless prevention assistance and case management services 23 youth and 65 families and adult singles.

One of the goals outlined in the *SLC Ten-Year Plan to End Homelessness* was to establish uniform discharge protocols and procedures that prevent people who are being released from county institutions from being discharged into homelessness. In January 2008, the Adult Protocol Business Plan was developed, which included transition process steps, based on an evidence-based model called Critical Time Intervention, a standardized assessment utilized by all discharging entities upon client admission to identify those at risk of homelessness, specific services to be offered to all clients and additional services offered to at-risk clients. The Discharge Plan also outlines collaborative partner roles and responsibilities, including coordination, information sharing, staffing patterns for institutional-based and community-based staff, and pre-service training. Under the *Ten-Year Plan to End Homelessness*, additional protocols and procedures will be established around the discharge of youth from foster care. St. Louis County will oversee discharge planning protocols and actions, therefore, no discharge planning activities were identified in the City's 2010 Action Plan.

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

Program Year 1 Action Plan ESG response:

The City of Duluth does not receive state ESG funds.

COMMUNITY DEVELOPMENT

Community Development

*Please also refer to the Community Development Table in the Needs.xls workbook.

5. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.
6. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

*Note: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction.

The Table 3A on the following pages outlines the City's response to the long and short-term Community Development objectives. At the time of submission the final grant amount was unknown and therefore the following funding amounts are based upon estimates. The Community Development Committee recommended that if less funding was received that all funding would be reduced proportionately. Consequently, the opposite would be true if additional funds were received. Their recommendation was to increase the amounts proportionately.

Program Year 1 Action Plan Community Development response:

Table 3A Summary of Specific Annual Objectives										
IDIS Code	Housing Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	Outcome/ Objective
05S	Rental Housing Subsidies		Households	8	0		16%	50	0	
	Tenant Based Rental Assistance - HRA	HOME	Households	8		\$ 37,000				DH-1
13	Direct Homeownership Assistance		Households	13	0		19%	70	0	
	FAIM IDA's & Down Payment Asst.- Comm. Action	CDBG	Households	13		\$ 66,654				DH-1
14A	Single Unit Residential Rehab.		Housing Units	40	0		11%	350	0	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	40		\$ 250,000				DH-2
14B	Multi-Unit Residential Rehab.		Housing Units	85	0		34%	250	0	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	55		\$ 342,500				DH-2
	WCDO Properties - Center City Housing	HOME	Housing Units	21		\$ 150,000				DH-2
	East Side Housing - Center City Housing	HOME	Housing Units	9		\$ 119,249				DH-2
14F	Energy Efficiency Improvements		Housing Units	147	0		27%	550	0	
	Duluth Weatherization Program - AEOA	CDBG	Housing Units	55		\$ 208,376				DH-2
	Duluth Energy Efficiency Program - Common Ground	CDBG	Housing Units	92		\$ 187,200				DH-2
14G	Acquisition for Rehabilitation		Housing Units	11	0		10%	110	0	
	Rehabilitation & Resale - NCLT	HOME	Housing Units	11		\$ 450,000				DH-2
14H	Rehabilitation Administration		Organization	1	0		20%	5	0	
	Duluth Property Rehab. Program - HRA	CDBG	Organization	1		\$ 461,000				DH-2
21I	CHDO Pre-development		Organization	2	0		20%	10	0	
	Predevelopment - NCLT	HOME	Organization	1		\$ 22,000				DH-2
	Predevelopment - Center City Housing	HOME	Organization	1		\$ 15,000				DH-2
	Total of Housing Objective					\$ 2,308,979				

IDIS Code	Economic Development Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	Outcome/ Objective
18A	ED Direct Financial Assistance		Jobs	40	0		20%	200	0	
	SOAR Duluth At Work - Project SOAR	CDBG	Jobs	20		\$ 160,000				EO-1
	Employment & Training - CHUMWorks	CDBG	Jobs	15		\$ 112,500				EO-1
	NYS JET (Jobs, Education & Training) - NYS	CDBG	Jobs	5		\$ 40,000				EO-1
18C	Micro-Enterprise Assistance		Businesses	6	0		15%	40	0	
	Growing Neighborhood Businesses- NE Entrepreneur	CDBG	Businesses	6		\$ 18,207				EO-1
	Total of Economic Development Objective					\$ 330,707				
IDIS Code	Public Facilities Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	Outcome/ Objective
03C	Homeless Facilities		Facilities	0			0%	1	0	
03E	Neighborhood Facilities		Facilities	2			33%	6	0	
	Memorial Park Community Center	CDBG	Facilities	1		\$ 250,000				SL-3
	Damiano Accessibilty Project	CDBG	Facilities	1		\$ 279,450				SL-3
03K	Street Improvements		Households	0			0%	200	0	
03L	Sidewalks		Facilities	22			20%	110	0	
	Curb Ramp Accessibility & Sidewalk Improvement VII	CDBG	Facilities	22		\$ 42,020				SL-3
	Total of Public Facilities Objective					\$ 571,470				

IDIS Code	Public Services Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	Outcome/ Objective
03T	Transitional Housing Services		People	212	0		24%	900	0	
	Transitional Housing Program - S. Army/WCDO	CDBG	People	180		\$ 54,000				DH-1
	Permanent Support Housing - WCDO	CDBG	People	32		\$ 20,000				DH-1
05	Essential Services		People	9100	0		21%	43000	0	
	Duluth Hunger Project - CHUM	CDBG	People	8000		\$ 75,000				SL-1
	Clothes that Work - Damiano Center	CDBG	People	1100		\$ 20,000				SL-1
05D	Youth Services		People	800	0		20%	4000	0	
	Youth Development Collaborative - YMCA	CDBG	People	800		\$ 87,213				SL-1
05E	Transportation Services		People	0	0		0%	100	0	
05G	Services for Battered/Abused Spouses		People	500	0		25%	2000	0	
	Battered Women's Shelter Programs	CDBG	People	500		\$ 32,000				DH-1
05I	Crime Awareness		People	0	0		0%	20000	0	
05K	Tenant/Landlord Counseling		People	208	0		17%	1250	0	
	Housing Access Center - Damiano	CDBG	People	208		\$ 34,000				DH-1
05M	Health Services		People	2700	0		23%	12000	0	
	Primary Health Care for Low-Income People	CDBG	People	2700		\$ 77,000				SL-1
05N	Abused and Neglected Youth		People	600	0		17%	3600	0	
	LIFELINE Expressway of Youth Services	CDBG	People	600		\$ 35,000				SL-1
05Q	Substance Payments		People	165	0		19%	875	0	
	Emergency Heating Assistance - Salvation Army	CDBG	People	165		\$ 25,000				DH-1
	Total for Public Services Objective					\$ 459,213				

IDIS Code	Homeless Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	Outcome/ Objective
03T	Transitional Housing Services		People	1355	0		20%	6900	0	
	CHUM Stabilization Services for Homeless	ESGP	People	1100		\$ 37,000				DH-1
	MACV-Duluth	ESGP	People	75		\$ 19,000				DH-1
	Transitional Housing Program - Salvation Army/WCDO	ESGP	People	180		\$ 41,000				DH-1
05G	Battered & Abused Spouses Services		People	500	0		17%	3000	0	
	Battered Women's Shelter Programs	ESGP	People	500		\$ 23,000				DH-1
	Total of Homeless Objective					\$ 120,000				
		Availability/ Accessibility								
	Outcome/Objectives					Affordability Sustainability				
	Decent Housing	DH-1		DH-2		DH-3				
	Suitable Living Environment	SL-1		SL-2		SL-3				
	Economic Opportunity	EO-1		EO-2		EO-3				

Antipoverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

Program Year 1 Action Plan Antipoverty Strategy response:

The following activities will be funded in the FY 2010 Action Plan to address specific policies of the Antipoverty strategy:

Policy #1: Provide occupational training programs coupled with career development and job placement in partnership with the City's Workforce Development Division to enable people to obtain employment.

- SOAR Duluth at Work - \$160,000 for 20 participants to obtain jobs
- CHUM Support Services for Employment - \$112,500 for 15 participants to obtain jobs
- NYS Jobs, Employment and Training - \$40,000 for 5 participants to obtain jobs

Policy #2: Assist families with removing barriers to obtaining employment through long term or sustainable solutions that reduce the cost of essentials or burdens to household incomes (e.g., child care, health care, transportation).

- Clothes that Work and Social Services - \$20,000 for 1,100 people to have work attire for interviews to obtain employment

Policy #3: Focus on efforts to reduce the costs on households' budgets through energy efficiency programs that lower utilities and/or programs that assist with building assets of families through planned savings programs or assistance with homeownership opportunities.

- Duluth Energy Efficiency Program - \$187,200 for 92 households to make energy improvements that reduce utility costs
- Duluth Weatherization - \$208,376 for 55 households to make energy efficiency improvements that reduce utility costs
- FAIM IDA (Individual Development Accounts) Housing and Down payment assistance with Community Action Duluth - \$66,654 for 13 households

Policy #4: Increase the amount of affordable housing units within the City that have long-term affordability restrictions (greater than 30 years), to maintain housing for low-to-moderate-income residents within our community.

- Rehabilitation and Resale - \$450,000 for 11 housing units to be acquired and sold to homeowners with a 99-year ground lease for affordability.

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

*Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:

The City of Duluth will fund the renovation of the elevator at the Damiano Center which is the location of many community services. The elevator will make multiple floors accessible and eliminate the need for persons to walk outside up the steep grade to access services located on different levels of the facility. Duluth will also continue to fund Residential Services of Northeast Minnesota (RSI) through the multi-family housing rehabilitation efforts. RSI provides innovative services to support the needs of persons with physical disabilities, developmental disabilities, mental illness, and other needs.

Housing Opportunities for People with AIDS

*Please also refer to the HOPWA Table in the Needs.xls workbook.

1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.
2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.
3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.
4. Report on annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are

used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.

5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.
6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.
7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.
8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.
9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.

Program Year 1 Action Plan HOPWA response:

[The City of Duluth does not receive state HOPWA funds.](#)

Specific HOPWA Objectives

Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.

Program Year 1 Specific HOPWA Objectives response:

[The City of Duluth does not receive state HOPWA funds.](#)

Other Narrative

Include any Action Plan information that was not covered by a narrative in any other section.

Efforts to Further Fair Housing

Outlined below are the goals and actions from the Fair Housing Plan that will be addressed in Program Year 2010. The full and updated Analysis of Impediments to Fair Housing for Duluth is being prepared and will be finalized later this year.

IMPEDIMENT 1: LACK OF INFORMATION AND EDUCATION

Through the key informant discussions in 2009, an overwhelming number of participants indicated that a lack of knowledge and information about fair housing laws and regulations acted as an impediment to fair housing.

Goal A: Disseminate general fair housing information to 500 tenants and landlords.

2010 Action:

1. The Housing Access Program (HAP) will continue to provide fair housing information and education on behalf of the City of Duluth to tenants and landlords.
2. Education about responsibilities and rights for protected class persons under the Fair Housing Act will be presented in conjunction with tenant/landlord education and counseling by HAP. Reporting will be incorporated into reporting of tenant/landlord counseling activities.
3. HRA will continue to provide fair housing information in its packets to prospective tenants in public housing and persons who secure housing vouchers.

Goal B: Develop and implement training to increase the knowledge and understanding of fair housing rights and responsibilities, to include reasonable accommodations for CDBG/ESG housing providers and tenants.

2010 Action:

1. Housing Access Program will continue to provide information and education about Fair Housing rights and responsibilities to CDBG and ESG funded service agencies in conjunction with educational sessions about tenant/landlord rights and responsibilities. Reporting will be incorporated into reporting of tenant/landlord counseling activities.

Goal B: Coordination of resources to provide community education and outreach.

2010 Action:

1. The Community Development Office will host one annual meeting which is to include representatives from agencies, and representatives from the private sector, that work with persons who may be impacted by discrimination. The purpose of this meeting is to increase knowledge of programs, improve communication between agencies, and reduce duplication where possible.

IMPEDIMENT 2: HOUSING DISCRIMINATION AGAINST PROTECTED CLASSES

When asked about housing discrimination, key informants and focus group participants agreed that illegal housing discrimination occurs in Duluth. Discrimination may occur unknowingly at times, or without knowledge of the legal ramifications that may result, or because enforcement through the state or federal process is difficult and time consuming, and, therefore, not often pursued, or because it commonly occurs in one's life experience and becomes accepted behavior. Regardless of why, how or where discrimination occurs, activities that discriminate against the more vulnerable of our population, against people protected under the Fair Housing Act, is an impediment to fair and equal housing choice, it is illegal and acting in accordance with fair housing law is the responsibility of all citizens.

Goal A: Establish guidelines for "acceptable" and "not acceptable" lease language, with "acceptable" language encouraged and "not acceptable" language prohibited in all leases and rental applications used in the City of Duluth.

2010 Action:

1. In 2010 the Housing Access Program staff, the Human Rights Officer and Community Development staff will develop a standard application or "best management practice" for use by Duluth rental housing property owners, landlords and management companies.
2. In 2010 the Housing Access Program staff, the Human Rights Officer and Community Development staff will develop a standard lease or "best management practice" for use by Duluth rental housing property owners, landlords and management companies that is "acceptable" and "not acceptable" and/or discriminatory. Endorsement of lease language guidelines will be requested from the Arrowhead Multi-Housing Association. The City Council will be asked to approve the "best practice guidelines for possible incorporation into the rental licensing process.

Lease language guidelines will be disseminated to landlords, management companies, and HRA and area colleges.

Appendix A / Citizen Comments and Responses

The City is required by HUD regulations to respond to all substantive comments received during the public review of the draft Action Plan. This section is divided into two parts. The first groups comments into two broad categories - those that concern the project funding decisions and those that pertain to policy aspects of the plan - and offers the City's responses to these items. The second section presents all written comments and, in some cases, the City's written responses, received concerning the plan.

Comments regarding funding: 185 comments received

Response: Funding recommendations were adjusted based upon comments received.

Comments regarding policy, background information, CDBG process, and priorities: No comments on the process were received.

Response: Not required.

The following is a list of letters and documents received during the public comment process:

Pam Kramer, Duluth LISC
Blair Gagne, True North AmeriCorps Program
David Schaeffer, Mentor Duluth
Jeff Palmer, YMCA

* See following pages for additional lists of comments received via postcard, fax and email.

Appendix B / Public Process

- # Neighborhood Forums / May 5, 7, 12, 14 and 19, 2009
- # Public Hearing on the Monitoring & Implementation of CDBG Programs / June 23, 2009
- # Community Development Meeting to make Funding Recommendations on FY 2010 CDBG, HOME and ESGP Applications / October 27, 2009
- # Public Hearing on FY 2010-2014 Consolidated Plan and FY 2010 Action Plan / December 15, 2009
- # Council Resolution Approving the 2010-2014 Consolidated Plan and 2010 Action Plan Portion of the Consolidated Plan and Authorizing a Request for HUD Federal Community Development Block Grant (CDBG), HOME Program and Emergency Shelter Grant (ESG) Program Funds / December 21, 2009
- # Council Resolution Authorizing a Request for HUD Federal Community Development Block Grant (CDBG) Funds for the 2010 Program Year and Authorizing Agreements with Appropriate Agencies / December 21, 2009
- # Council Resolution Authorizing a Request for HUD HOME Investments Partnerships Program (HOME) Funds for the 2010 Program Year and Authorizing Contracts / December 21, 2009
- # Council Resolution Authorizing a Request for HUD Emergency Shelter Grant Program (ESGP) Funds for the 2010 Program Year and Authorizing Contracts / December 21, 2009

Appendix C – Recapture/Resale Guidelines for Home Buyer Activities

CITY OF DULUTH (City) HOME PROGRAM HOMEOWNERSHIP ASSISTANCE HOMEBUYER ASSISTANCE, RESALE AND RECAPTURE GUIDELINES

REVISED November 2009

Eligibility:

The following applies to all homebuyers or homeowners of HOME funded housing.

1. Homebuyers and homeowners must be low-income households defined as: households whose income does not exceed eighty percent (80%) of the area median income, adjusted for family size, as determined, from time to time, by the United States Department of Housing and Urban Development (HUD).
2. Homeowners and homebuyers must occupy the property as a principal residence.

Eligible Property Types and Forms of Ownership:

1. The property can be an existing property or newly constructed.
2. The property can be privately or publicly held prior to sale to the homebuyer.
3. An eligible property may include: a single-family property (one unit) to four-unit property, a condominium unit, a manufactured or mobile home, or a cooperative or mutual housing unit.
4. Homeownership means ownership in fee simple title, a 99-year leasehold interest, ownership in a cooperative or mutual housing unit, or an equivalent form of ownership approved by HUD.

Property Standards:

1. Any property acquired under the HOME Program Homeownership Assistance program must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

2. Any property acquired where rehabilitation is needed at the time of initial occupancy must be free from all noted health and safety defects before occupancy and not later than 6 months after the transfer of ownership to the buyer being assisted. The housing must meet the property standards, indicated in number 1. above, not later than 2 years after the transfer of the ownership interest.

Property Value At Time of Purchase:

1. Properties will require an appraisal before HOME assistance is provided.
2. Appraised value (not purchase price) of HOME-assisted property to be acquired must not exceed the 203(b) mortgage limit established in February 2008 (the “pre-stimulus” mortgage limit) or the actual 95% of median sales price for the area for the type of home being purchased. If the HOME-assisted property is also a Community Land Trust property, the value of the land may be excluded from the total value to determine the value of the property being acquired by the homebuyer.
3. If rehabilitation is required, the appraised property value after rehabilitation cannot exceed the 203(b) mortgage limit or the actual 95% of median sales price. An after-rehabilitation value estimate must be completed prior to investment of HOME funds.

Guidelines for Recapture, Resale, and Restrictions to Ensure Long-term Affordability

The City of Duluth HOME written agreement with the organization will state if the resale requirement or the recapture requirement will be utilized. For the recapture requirement, the City HOME agreement with will also state if the recapture will be full or partial repayment of the direct HOME subsidy (See Recapture Guidelines). Resale or recapture requirements will also be stated in the “Agreement Between the Participating Jurisdiction (*PJ*) and the Homebuyer” signed by the homebuyer.

Recapture is the preferred option of the City of Duluth. Resale will only be considered for those projects with significant long-term affordability guidelines and where the organization and homebuyer have an ongoing relationship after the original sale of the HOME assisted unit.

In the event of a possible foreclosure, the City may use purchase option, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. (See Foreclosure Guidelines.)

A restrictive covenant will be used to ensure compliance with the resale or recapture requirement.

Guidelines for Resale

1. If the housing is sold during the period of affordability, there will be a resale restriction to ensure long-term affordability on properties assisted by the HOME-funded Homeowner Assistance Program.
2. Properties must be affordable to the **first purchaser and all subsequent purchasers for the term of affordability**. Affordability means that the principal, interest, property taxes and insurance (PITI) may not exceed 30% of the gross income of a family with an income that is 80% or less of the median income for the area, adjusted for family size.
3. The affordability provision will continue in effect for the remainder of the original period of affordability.
4. If the property is sold within the affordability period, the subsequent purchaser must also be an income eligible household that will occupy the property as its principal residence. And, should the property be sold within the second half of the affordability period, the City has the option to require an additional five year affordability period for the property.
5. If the property does not continue to be the principal residence of the family for the duration of the affordability period, the housing must be sold at a price consistent with the affordability restriction.
6. Upon the resale, documentation must be provided to the City of Duluth, who will make the determination if the original HOME-assisted owner is provided with a fair return on investment including the homeowner's investment and any capital improvements. Fair return will be defined either by compensating the owner for improvements made or through a diminishing subsidy method agreed upon as a part of the initial sale. The value of improvements will be determined through the use of IRS definitions of property improvements and homeowner verification of costs.
7. If the sale price is still not affordable to a new low-income family, the City may choose to reduce what is due to the City under the sale and require the seller to reduce the sale price by that amount.
8. Community Land Trusts (CLT):

A community land trust acquires land and makes the land available to individual families, cooperatives and others through long-term (99 year) leases. While the leaseholders do not own the land, they may own their buildings or housing units. The CLT, while providing fair equity for the owners of the improvements, maintains affordability at the time of

purchase and sale through the leasehold agreement. Where there is a subsidy or loan with the use of HOME funds to a CLT for property acquisition, or to a family (or cooperator if the CLT is in the form of a cooperative), the provisions of the leasehold agreement between the CLT and the occupant must ensure the long-term affordability of the units for the period of affordability both at the time of purchase and resale. Because the leasehold agreement in the CLT model is between the CLT and the homeowner or cooperator, the terms of the leasehold must be determined to be consistent with the qualifications of affordable housing (Sec. 92.254) prior to the provisions of the subsidy. The subsidy may take the form of a loan or grant to the CLT for acquisition of the land (or building in the event of a cooperative) or may be in the form of a loan or grant to the homeowner or cooperator for acquisition and/or rehabilitation of the improvements (building). Where there is a subsidy or loan with the use of HOME funds to a CLT for a purchase/ rehab home ownership project, the CLT will execute a UCC financing statement in favor of the CLT. Where there is a subsidy or loan with the use of HOME funds to a CLT for a new construction project, the CLT must file a mortgage lien on the properties in favor of the City in the amount of the grants as required by the HOME agreements between the CLT and the City. This process was agreed upon following meetings and discussions between the City of Duluth attorney and the CLT attorney and is stated in the Memo to the Duluth CLT dated August 29, 2002 from the CD Manager and copied to CD staff and the City attorney for CD. The leasehold agreement has also been reviewed and approved by HUD.

Guidelines for Recapture:

The City may require full or partial repayment of the direct HOME subsidy when a resale occurs during the affordability period or when the housing unit is no longer the principal residence of the HOME-assisted owner. A direct HOME subsidy consists of any HOME Program financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., downpayment or closing cost assistance, subordinate financing). However, if there are no net proceeds or insufficient proceeds to recapture the full amount of HOME investment due, the amount subject to recapture will be limited to what is available from net proceeds.

The option for repayment will be incorporated into the program guidelines, which must be approved by the City and included in the HOME agreement between the City and the organization. The following three options may be considered:

- 1) recapture the entire amount;
- 2) reduction (or forgiveness) during the affordability period of the amount to be recaptured on a pro-rata basis for the time the homeowner has

owned and occupied the housing measured against the required affordability period; or

3) through shared net proceeds if the net proceeds are not sufficient to recapture the full HOME investment plus enable homeowner to recover their downpayment and any capital improvement investment made by the owner since purchase. The net proceeds are defined as the sales price minus the superior loan repayment (other than HOME funds) and any closing costs.

Guidelines for Foreclosure

The organization is required to ensure that the City is notified of any possible foreclosure. This shall be accomplished by the organization filing a [Request for Notice of Foreclosure](#) document on the property in the St. Louis County Records Office naming the City of Duluth Community Development Office, 407 City Hall, Duluth, MN 55802, as the party to be notified.

In the event of a possible foreclosure of a first mortgage, the City may use purchase option, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. However, the affordability restrictions may be terminated in instances of foreclosure, a transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the property. The restrictive covenant will include the provisions of this paragraph.

Buyer Agreement

The City may delegate in the HOME agreement with the organization the PJ's responsibility for executing the HOME program written agreement with the buyer of the HOME assisted unit. The organization must ensure the "Agreement Between the Participating Jurisdiction and the Homebuyer" (which is provided as an attachment to the organization's HOME agreement), is reviewed with the buyer prior to closing on the purchase of the house, and that the buyer understands and agrees to the HOME requirements. The organization must make the sale of the house contingent on the execution of the PJ and Homebuyer agreement.